



Gold Prices Rise to Highest Level in 7 Months

Description

Gold prices continue to rally and, at the time of writing, stand at just under US\$1,300 per ounce. There are certainly many questions that remain with respect to where gold is going from here, but one thing is sure: we have seen a definite increase in uncertainty and risk in the world.

From President Trump's bombing of Syria to increased tension with Russia to a weakening U.S. dollar, to, most recently, increased tension in the Middle East, as Saudi Arabia, Egypt, the United Emirates, and Bahrain severed diplomatic ties with Qatar, the world seems an increasingly risky place.

As expected, all of this is making gold's quality as a "safe haven" increasingly attractive.

And at the company-specific level, fundamentals are in gold companies' favour too. The industry has suffered through a period of record production and declining demand and, in response, gold companies have worked hard to reduce costs and improve balance sheets, and this leaves them well positioned to reap the rewards of rising gold prices.

So, on yet another day of relatively strong performance of gold shares on the TSX, I thought it would be useful to review some of the names that I view as the most promising in the gold sector for investors who would like to invest in this space as it experiences shifting fundamentals.

In my view, investors should consider **Agnico Eagle Mines Ltd.** ([TSX:AEM](#))(NYSE:AEM) for its operational excellence and good organic growth profile, **OceanaGold Corporation** ([TSX:OGC](#)) for its attractive valuation and improving production profile, and **Silver Standard Resources Inc.** (TSX:SSO)(NASDAQ:SSRI) for its strong cash flow generation, strong balance sheet, and attractive valuation.

Agnico Eagle Mines

In the first quarter of 2017, Agnico reported a 1.7% year-over-year production increase to 418,216 ounces and posted an impressive 10.9% improvement in its all-in sustaining cost per ounce (AISC). And going forward, things are still looking good, as management increased its production guidance for 2017 to 1.57 million ounces.

OceanaGold

OceanaGold is delivering stellar results on the production side of things as well as on the cost side. Production and costs for the quarter were above expectations, with production rising to record levels for the company and with AISC coming in at a very strong \$521 per ounce. The balance sheet is strong with \$70.6 million in cash and \$85.8 million in liquidity.

Silver Standard Resources

Silver Standard has had an impressive performance in the last few years, with strong cash flow generation and strong cost performance. Its 2016 operating cash flow was \$171 million, and in the first quarter of 2017, operating cash flow increased 87% to \$37.9 million.

CATEGORY

1. Investing
2. Metals and Mining Stocks

TICKERS GLOBAL

1. NYSE:AEM (Agnico Eagle Mines Limited)
2. TSX:AEM (Agnico Eagle Mines Limited)
3. TSX:OGC (OceanaGold Corporation)

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