



3 Signs Kinross Gold Corporation Is Headed in the Right Direction

Description

Shares of **Kinross Gold Corporation** ([TSX:K](#))([NYSE:KGC](#)) rose to start the trading week Monday, closing at \$5.06 — up 2.43%. The stock has gained 20% so far in 2017 — this with a stagnant gold price hurting most miners. It has, however, declined 26% year over year, illustrating the steep decline of metals since the middle of 2016.

Kinross is a Canadian-based gold and silver mining company. It is currently the fifth-largest gold producer in the world.

Strong Q1 results and Q2 expectations

In spite of a drop in production in the first quarter of 2017, Kinross managed to increase its revenue to \$796 million compared to \$782 million in the same quarter of 2016. The company reported the same net earnings for Q1 2017 at \$0.02 per share.

Kinross announced on March 28, 2017, that it would sell 25% of its interest in the Cerro Casale project in Chile and 100% interest in the Quebrada Ceca exploration project in Cerro Casale to **Goldcorp Inc.**

This deal netted Kinross \$260 million in cash and \$40 million after a construction decision is made for Cerro Casale.

Analysts at **Toronto-Dominion Bank** upgraded the stock to a “buy” rating in expectation of Q2 earnings that are going to be released on August 2, 2017.

Rising Canadian dollar

The Canadian dollar hit the \$0.79 mark on Monday on the back of the Bank of Canada's decision to hike its base rate by 0.25 to 0.75% following a slew of strong economic data.

Signals to tighten from the Bank of Canada and central banks in Europe have put downward pressure on the U.S. dollar. After hitting highs in late December and early January, the U.S. dollar has experienced a swoon that has not let up.

Foreign currencies, including the Australian dollar and the euro, have established highs for 2017. Positive correlation between gold prices and the lower U.S. dollar and a now marked-down 50% chance of a rate hike by the Federal Reserve in December could bode well for precious metals prices.

Weak U.S. economic data

The Federal Reserve struck a dovish tone after a U.S. retail sales report indicated a slowdown. June retail sales were down 0.2% in May when an increase of 0.1% was expected. The June consumer price index came in flat when a 0.1% gain was projected.

A failure by the Trump administration to pass healthcare reform, which is still facing resistance from a number of Republican senators, could further darken investor sentiment south of the border. The vote has been delayed once again to next month when the administration had originally projected their big push for tax reform to begin.

Kinross Gold finds itself in an interesting position with its earnings report looming and the stars seemingly aligning for the yellow metal. Investors who are looking to gold equities in the midst of recent volatility should look to this Canadian-based miner as a rock-solid addition to their portfolios.

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Date

2025/09/07

Date Created

2017/07/19

Author

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