



Investors: Now Is the Time to Add Goldcorp Inc. to Your Portfolio

Description

Senior gold miner **Goldcorp Inc.** (TSX:G)(NYSE:GG) has not enjoyed the same rally as many of its peers because of concerns over declining production and rising costs.

Nonetheless, this coupled with the recent pullback in gold has created an attractive entry point for investors seeking to hedge against growing political and economic uncertainty by boosting their exposure to gold.

Now what?

Goldcorp has undertaken significant measures to address the issues that were affecting its operations and financial performance. These include a renewed focus on cost cutting, selling non-core assets, strengthening its balance sheet, and boosting its portfolio of assets through quality acquisitions.

First-quarter results show that these initiatives are having a positive effect on Goldcorp's performance.

All-in sustaining costs (AISCs) for the quarter fell 4% year over year, while gold production and ore grades improved at Goldcorp's flagship Peñasquito mine, which is responsible for roughly a fifth of its gold production.

Impressively, AISCs at Peñasquito fell to less than half of what they were a year earlier.

Over the course of the quarter, Goldcorp also commenced a series of acquisitions. These include the purchase of Exeter Resources Corporation for \$247 million, which gives Goldcorp ownership of the Caspiche gold-copper project located in Chile. The miner also acquired a 50% stake in the nearby Cerro Casale project, buying 25% from **Barrick Gold Corp.** and the remainder from **Kinross Gold Corporation**. On completion, these projects will give Goldcorp's production a healthy lift, helping to boost revenues.

It also entered an agreement to sell its Mexican Los Filos mine and the Cerro Blanco project in Guatemala during the quarter. The decision to exit Guatemala could be considered fortuitous given recent events which saw **Tahoe Resources Inc.** have the licence for its flagship Escobal silver mine

suspended.

Goldcorp is also focused on delivering up to US\$250 million in annual efficiencies from its operations, and this will help to drive costs lower, causing AISCs to fall and further expanding margins.

Each of these factors should see Goldcorp unlock considerable value for investors.

Then there is the positive outlook for gold, which recently got a healthy boost from signs that the Fed may not hike interest rates as aggressively as markets initially anticipated. That caused the U.S. dollar to decline, which is also favourable for the yellow metal, because the U.S. dollar shares an inverse relationship with gold.

Gold is also being buoyed by the failure of the Trump administration to implement its planned business-friendly policies, rising political risk, and fears of yet another economic crisis. This is because gold is viewed by many investors as the ultimate store of value and hedge against uncertainty.

So what?

Each of these factors make Goldcorp an attractive investment, especially when it is considered that, unlike physical bullion or a gold ETF, it pays income in the form of a regular and sustainable dividend, which yields just under 1%. That makes the senior miner an ideal means for hedging against uncertainty and taking advantage of higher gold prices.

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