



Are Gold Equities About to Take Off?

Description

In its most recent quarterly review, the International Monetary Fund (IMF) downgraded its forecast for U.S. growth to 2.1% this year and next. The U.S. dollar has experienced a prolonged slump and is now down to its lowest level since September 2016. International currencies, including the euro, Australian dollar, and Canadian dollar have benefited from this swoon.

Canada led the way among G7 countries with a growth forecast of 2.5% for 2017, but the IMF downgraded the forecast for 2018 to 1.9%. On July 26, the U.S. Federal Reserve unanimously voted to delay a rate hike, which caused gold and silver prices to experience gains of over 1% in the following two trading days.

It may be wise for investors to take a look at Canadian gold equities as the central bank tightening initiative hits speed bumps.

Yamana Gold Inc.

Yamana Gold Inc. ([TSX:YRI](#))([NYSE:AUY](#)) has declined 14% so far in 2017 and 56% year over year.

Yamana Gold offers a dividend of \$0.01 per share, representing a 0.82% dividend yield. On July 27, Yamana released its most recent earnings report. Gold production was up 13% in the second quarter. Copper and silver saw 10% and 22% increases, respectively. Yamana reported an adjusted cash flow of \$127.7 million from operations — down \$6.3 million year over year.

Barrick Gold Corp.

Barrick Gold Corp. ([TSX:ABX](#))([NYSE:ABX](#)) is headquartered in Toronto and is the largest gold mining company in the world. The company released its second-quarter earnings on July 26. Adjusted net earnings were reported at \$261 million — \$0.22 per share. Revenue grew 7.3% from the same quarter in 2016. Both of these results beat analyst expectations.

Barrick Gold stock has fallen 3% so far in 2017 and 23% year over year due to falling gold prices. In response to the earnings report on July 27, the stock rose 2.87% — closing at \$20.76. It boasts a

dividend of \$0.04 per share with a dividend yield of 0.78%.

Alamos Gold Inc.

Alamos Gold Inc. ([TSX:AGI](#))([NYSE:AGI](#)) has experienced a 6% decline in 2017 thus far. It is a Canadian-based gold producer with three operating mines in North America.

Alamos Gold is set to release earnings on Thursday, August 3. Results released on May 4 reported revenue at \$121 million. It realized net earnings of \$0.1 million, including an unrealized foreign exchange gain of \$5.9 million. The company declared a semi-annual dividend of \$0.01 per share, representing a dividend yield of 0.30%.

Where should investors turn?

A *Bloomberg* report on July 27 revealed that the Bank of Canada rate hike had sparked anxiety among leaders in Ottawa. In the United States, healthcare reform appears to have suffered a final defeat as the “skinny repeal” of the Affordable Care Act was voted down on July 28.

Gold prices rose in response and are now showing momentum to challenge annual highs. If the yellow metal can break above the key \$1,300 mark and hold, investors will be getting good value from the above equities that have suffered under low prices since late 2016.

CATEGORY

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2. Metals and Mining Stocks

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