



## This Gold Company Is a Screaming Deal in an Improving Commodities Environment

### Description

Forget the fact that gold is on the rise. Forget the fact that gold miners have been having difficulty of late, and only a few of the largest and best operating businesses will come out ahead. Here are a few reasons why I believe **Barrick Gold Corp.** ([TSX:ABX](#))(NYSE:ABX) will continue to outperform its peers for the foreseeable future.

In terms of profitability and sheer ability to return value to shareholders, Barrick stands out as the industry leader for long-term investors looking to lock in a gold position at extremely attractive levels today. Barrick's share price has been hit hard in recent years largely due to investor concerns about the company's debt load and ability to churn out profits, operating at a net loss for some time. The world's largest miner by ounces produced has continued to produce steady profits of late, while reducing the company's reliance on debt — something prudent long-term investors should look very closely at.

By comparing Barrick to nearly any other gold mining company out there, investors will see that this is a gold miner on a different trajectory. Pumping out money in this low-price environment while paying down debt and distributing a dividend to shareholders is something not many other gold miners out there can tout.

In a very uncertain economic time, riddled with geopolitical concerns as well as market-based concerns, investors should indeed consider adding a small portion of a defensive sector to their portfolio. Gold, like many other sectors that are inversely related to the overall market, provide the most absolute form of insurance, rising when the prices of the majority of other equities fall.

The real value Barrick has is its ability to see its stock price shoot higher in good times and in bad. Should gold prices drop or stagnate, the fact that Barrick holds some of the lowest production costs in the industry position this producer well to continue to eat up more market share and potentially add on more production to the company's impressive portfolio. Should prices rise, a situation in which Barrick's stock price doubles or triples from its current level, is not out of the question, depending how high gold prices climb.

In either scenario, investors looking for stability should look to Barrick as a first choice. With the rally in precious metals beginning to take off, should a repeat of 2010/2011 be in the cards for Barrick shareholders, a doubling of the company's share price in a few short years could easily be in the cards. If gold prices stagnate, I expect management's deleveraging and growth initiatives to continue to play

in Barrick's favour, further enhancing shareholder value.  
Stay Foolish, my friends.

#### **CATEGORY**

1. Investing
2. Metals and Mining Stocks

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