



## Buy the Comeback Story? Eldorado Gold Corp. and Tahoe Resources Inc. Are Looking for Momentum

### Description

Gold has pulled back in recent weeks after reaching 10-month highs in August. Silver has also drawn down, and precious metals equities have dipped markedly in response.

On September 19, President Trump gave a speech to the United Nations that was intensely critical of North Korea. He implored the international body to impose further sanctions to convince North Korea to abandon its nuclear weapons program. The speech reached a climax when the president threatened to annihilate North Korea if it threatened the security of the United States.

Gold and silver were up marginally after the speech. The U.S. dollar continued to show weakness ahead of the two-day Federal Reserve meeting on September 20-21.

As precious metals prices recede from a late-summer surge, let's take a look at two Canadian gold and silver stocks that could be set to take off after a tumultuous 2017.

### Tahoe Resources Inc.

Shares of **Tahoe Resources Inc.** (TSX:THO)(NYSE:TAHO) have declined 45% in 2017 and 60% year over year as of close on September 19. The stock took a massive hit in early July after a Guatemalan constitutional court upheld a preliminary decision from a lower tribunal that suspended two mining licences. The dispute was regarding whether or not the indigenous community had been sufficiently consulted. Escobal is one of the largest silver mines in the world.

On September 11, Tahoe Resources learned that the Guatemalan Supreme Court had reinstated the licence for the Escobal mine. This was after significant pressure from government officials as the mine closures risked thousands of jobs in the region. Tahoe Resources stock jumped 26% when the news broke, but it has since declined and closed at \$6.93 on September 19. Revenues and earnings both saw gains in the second quarter, and Tahoe is primed to benefit from higher silver prices if this resolution stands.

## Eldorado Gold Corp.

**Eldorado Gold Corp.** ([TSX:ELD](#))([NYSE:EGO](#)) stock has fallen 36% in 2017 and 47% year over year. Eldorado has had its own differences after making a major investment in Greece. The company has battled with the Greek government, which already in turmoil due to its debt crisis, due to compliance with environmental regulations. On September 13, the Greek energy minister George Stathakis stated that licensing for the Olympias project would be issued after Eldorado workers protested outside the energy ministry.

In any case, Eldorado will halt future investment on its Olympias and Skouries projects until the government provides more clarity. Eldorado released its second-quarter results on July 27. It posted a second-quarter profit of \$11.2 million compared to a loss of \$329.9 million in Q2 2016. The second-quarter forecast had production at the Skouries site to begin in 2020.

## Which should you buy?

The constant political uncertainty in Greece makes Eldorado a risky play. Tahoe Resources will still fight a public relations battle in Guatemala, but the Supreme Court decision looks to resolve the issue at the Escobal mine for the foreseeable future.

## CATEGORY

1. Investing
2. Metals and Mining Stocks

## TICKERS GLOBAL

1. NYSE:EGO (Eldorado Gold Corporation)
2. TSX:ELD (Eldorado Gold Corporation)

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