



Is a Fall Gold Rally in the Cards? Barrick Gold Corp. and Alamos Gold Inc. Remain Great Options

Description

Gold prices were up marginally on October 6, as the U.S. dollar retreated on news that tensions with North Korea were heating up again. Reports suggest that North Korea may be preparing a new long-range missile test, stoking fears that the country will be capable of delivering a nuclear-armed intercontinental ballistic missile in the near future. President Trump renewed worries by hinting at a “calm before the storm,” which had some speculating that the U.S. military was mulling a first strike.

Precious metals also moved north on the latest non-farm payroll reports that showed a loss of 33,000 jobs; a 90,000 increase was originally expected. This was the first monthly decline reported in seven years. The drop was blamed on the devastation following Hurricane Harvey and Hurricane Irma. Hourly wages saw an increase to an annualized rate of 2.9%, which was an encouraging sign.

With political and economic concerns weighing on investors, gold could be due for another rally as we make our way through the fall. Let’s look at two solid gold stocks for Canadian investors.

Barrick Gold Corp.

Barrick Gold Corp. ([TSX:ABX](#))([NYSE:ABX](#)), the largest gold producer in the world, has declined 3.7% month over month as of close on October 6. Barrick released its second-quarter results in late July. It saw earnings increase 65% to \$261 million compared to \$158 million in the second quarter of 2016. Earnings per share grew to \$0.22 per share, which beat analyst expectations. Revenue also climbed 7.5% to \$2.16 billion in comparison to \$2.01 billion in Q2 2016.

The company has managed to reduce its debt by \$1.23 billion in 2017 as of mid-September. Barrick leadership remains confident that it will be able to bring its debt down to 2008 levels, which should spark interest in investors, considering the length of this bull market. The stock also offers a dividend of \$0.04 per share with a 0.7% dividend yield.

Alamos Gold Inc.

Shares of **Alamos Gold Inc.** ([TSX:AGI](#))([NYSE:AGI](#)) have dropped 4.7% month over month. The

company released second-quarter results on August 3. It posted a 156% improvement in cash flow from operating activities to \$51.4 million. Alamos Gold also produced a quarterly record 105,600 ounces of gold and sold 104,023 ounces.

On September 11, Alamos Gold announced the acquisition of Richmond Mines Inc., which further solidifies the company position as an intermediate global producer. The combined sites boast gold production of over 500,000 ounces in 2017. For Alamos Gold holders and prospective buyers, this acquisition offers increased financial strength, production, and flexibility. The company also announced a recent dividend of \$0.01 per share with a 0.28% dividend yield.

Is another gold rally on the horizon?

With geopolitical tensions still high, it is possible that global instability could propel gold further. Long-term economic questions in the U.S. and its dollar strength will likely remain the key factors for price movement. Wage strength in the recent non-farm payroll report should give the Federal Reserve increased confidence. Another U.S. rate hike will create downward pressure for the yellow metal, so investors should be cautious.

CATEGORY

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