



## Goldcorp Inc.: Is it Time to Put This Miner in Your Portfolio?

### Description

Gold is showing signs of another upward swing, and investors who have been sitting on the sidelines are wondering which stocks might be attractive picks today.

Let's take a look at **Goldcorp Inc.** (TSX:G)(NYSE:GG) to see if it deserves to be in your portfolio.

### Gold market

All gold miners remain at the mercy of the gold market, which continues to be volatile.

Gold hit a 2017 high near US\$1,350 in early September, but it pulled back to about US\$1,270 through the first part of November.

In the past couple of weeks, however, the metal appears to have stabilized, and at the time of writing, it's threatening to break back above the US\$1,300 mark.

What's going on?

A weaker U.S. dollar is part of the reason for the uptick, as traders start to tone down their expectations for a planned tax overhaul.

Two different proposals are working their way through Congress, and market watchers are wondering if it might take a bit longer than previously expected for a bill to pass. As a result, the American dollar has come under pressure against a basket of major currencies.

Gold is priced in U.S. dollars, so the precious metal often sees a boost in demand when it becomes cheaper for holders of foreign funds.

Another reason for the support could be coming from safe-haven buyers, as rising tensions in the Middle East might be pushing money into gold. Media reports are starting to suggest a major clash could be on the way between Saudi Arabia and Iran.

The war in Yemen is already viewed as a proxy battle between the two nations, and it appears

Lebanon might be the next stage of the conflict in the wake of the resignation of Lebanon's prime minister Saad Hariri, who is a Saudi ally and strongly opposed to Iran.

On the other side of the equation, [rising interest rates](#) in the United States should continue to provide a headwind to higher gold prices. As rates rise, fixed-income products become more attractive and can result in outflows of funds from non-yielding gold.

### **What about Goldcorp?**

Goldcorp reported Q3 net earnings of US\$0.13 per share compared to \$0.07 per share in the same period last year. Gold production slipped from 715,000 ounces to 633,000 ounces, and all-in sustaining costs (AISC) increased to US\$827 per ounce from US\$812 per ounce.

Investors initially cheered the improved earnings after the October 25 announcement, but the stock gave back most of the gains in the following days.

Looking ahead, however, Goldcorp might be worth watching, as the miner is working through a turnaround program that should deliver better results.

In fact, the company is targeting a 20% improvement in both reserves and production through 2021, while AISC is projected to fall 20% over the same time frame. In addition, cash flow is expected to improve over the next five years.

### **Should you buy?**

You have to be a gold bull to own any of the miners these days. If you fall in that camp, Goldcorp might be worth a [contrarian](#) shot while the stock remains out of favour.

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