



As Gold Makes a Comeback, Expect a Stellar 2018 for Gold Stocks

Description

Gold is making a comeback, with the price of gold rallying to four-month highs, as it surpasses US\$1,350 an ounce.

Recall that in late 2011, gold prices peaked at close to US\$1,900 per ounce, then retreated steadily to levels of just over US\$1,000 per ounce at the end of 2015.

So, here we are with gold at four-month highs and the U.S. dollar at three-year lows, as we witness the playing out of the well-known inverse relationship between the two. Typically, when the U.S. dollar loses value, investors look for alternate investments to store value. And gold fits the bill, so demand rises and [gold prices rise](#).

There are certainly many questions that remain with respect to where gold is going from here, but one thing is sure: the industry has suffered through a period of record production and declining demand, and in response it has worked hard to reduce costs and improve balance sheets, and this leaves it well positioned to reap the rewards of rising gold prices.

So, after yet another day of relatively [strong performance of gold shares](#) on the TSX, I thought it would be useful to review some of the names that I view as the most promising in the gold sector for investors who would like to invest in this space, as it experiences shifting fundamentals.

Investors should consider **Agnico Eagle Mines Ltd.** ([TSX:AEM](#))([NYSE:AEM](#)) for its operational excellence and good organic growth profile, and **OceanaGold Corporation** ([TSX:OGC](#)) for its valuation and improving production profile.

Agnico Eagle has rallied 4.7% at the time of writing, and OceanaGold has rallied just under 2%.

With Agnico Eagle reporting third-quarter results that were well above expectations (EPS of \$0.29 versus expectations of \$0.16), and guidance being increased again, this stock makes a great addition to investors' portfolios.

The stock has a dividend yield of %, but the key here is that the dividend was increased by 10%, and

the company continues to perform better than its guidance.

Agnico Eagle stands to benefit from a shift in investor sentiment toward more stable, risk-averse investments such as gold, as well as from its operational excellence and good organic growth profile.

OceanaGold is delivering stellar results on the production side of things as well as on the cost side.

In 2017, the company reported a 38% increase in gold production and an 8.6% reduction in all-in sustaining costs.

Record production, declining costs, and a strong balance sheet are what characterizes this company, and with rising gold prices, this stock is sure to be a winner.

CATEGORY

1. Investing
2. Metals and Mining Stocks

TICKERS GLOBAL

1. NYSE:AEM (Agnico Eagle Mines Limited)
2. TSX:AEM (Agnico Eagle Mines Limited)
3. TSX:OGC (OceanaGold Corporation)

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