



Precious Metals and Bitcoin Rise as Stock Markets Wobble: How Should Investors Respond?

Description

The S&P/TSX has dropped 4.6% in 2018 as of close on February 16. The major U.S. indexes have not fared much better, and analysts continue to be anxious about the possibility of further sell-offs after the torrid run for stocks in 2017, especially south of the border. The global rout has reinvigorated interest in alternative assets like precious metals and even cryptocurrencies, which some had counted as dead earlier this month.

The price of Bitcoin surged above \$11,500 on February 19 after plunging below \$6,000 earlier in the month. Bitcoin and other cryptocurrencies appeared to be the victim of an international crackdown on cryptocurrency exchanges. Some of the harshest regulations came down in China, which at one point was home to over 90% of Bitcoin miners. The regulations have sparked [major volatility for cryptocurrencies](#), but could create the possibility of new Bitcoin-mining hotspots in the future, perhaps even here in Canada.

The spot price of gold and silver also spiked, as global equities were battered in early February, but they have coughed up some of these gains as the U.S. dollar has strengthened. Gold and silver have seen a particularly unique challenge from cryptocurrencies, as younger investors have sought new speculative assets to dip into. Gold and silver had been the [historical favourite](#) in this regard.

Gold prices inched down on Monday evening to \$1,343 as the U.S. dollar continued to rise after dropping to a three-year low last week. Silver prices were also down in the evening before markets reopened today. Maxwell Gold, director of investment strategy and research at ETF Securities, expects silver to outperform the yellow metal in 2018. Maxwell Gold pointed to strong long-term fundamentals for silver, growing demand, and shrinking supply as bullish indicators going forward.

Wheaton Precious Metals Corp. ([TSX:WPM](#))([NYSE:WPM](#)) is a Vancouver-based precious metals streaming company. The stock has dropped 11% in 2018 as of close on February 16. The company is set to release its 2017 fourth-quarter and full-year results on March 21.

In the third quarter, Wheaton saw silver and gold production drop 0.7% and 15.1% respectively

compared to Q3 2016. Gold production suffered from poor results at its 777 and Minto locations. The company still announced a dividend of \$0.11 per share, representing a 1.8% dividend yield.

Kinross Gold Corporation ([TSX:K](#))([NYSE:KGC](#)) is a Toronto-based gold mining company. Shares of Kinross have declined 8.6% in 2018. The company released its 2017 fourth-quarter and full-year results on February 14.

Gold production fell to 2.67 million ounces compared to 2.78 million ounces in 2016. Revenue dipped to \$3.3 billion from \$3.4 billion but the company also posted net earnings of \$445.4 million in comparison to a \$104 million loss in 2016.

What about cryptocurrencies?

Bitcoin has generated some renewed excitement after surging back above \$11,000 following its precipitous drop in the beginning of February. However, Germany and France are set to unveil a joint proposal to increase Bitcoin regulations at the G20 in March. This could set off a new round of violent turbulence in cryptocurrency markets next month, so investors should exercise extreme caution.

CATEGORY

1. Investing
2. Metals and Mining Stocks

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2. NYSE:WPM (Wheaton Precious Metals Corp.)
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