



Should You Buy-Low on Gold and Silver Equities Today?

Description

In May, I'd discussed why June would be a crucial month for [gold and silver equities](#) as the world awaited the summit between United States president Donald Trump and North Korean leader Kim Jong-un. Improved relations between the U.S. and North Korea have applied downward pressure to the traditional safe havens. The spot price of gold dipped below the \$1,300 mark in the evening hours on June 12.

Trump and Jong-un signed a document in Singapore which the president described as "pretty comprehensive." The U.S. president ordered the suspension of U.S. military exercises in South Korea, while Jong-un signed a joint statement that committed to denuclearization. Critics have said that the summit did not produce a substantive resolution.

Attention will now turn to the Federal Reserve Open Market Committee (FOMC), which will conclude this afternoon. The consensus is that the Federal Reserve will elect to raise U.S. interest rates by 0.25% in the meeting. Gold and silver prices have actually moved in a [positive direction](#) after losses have been priced in ahead of previous rate hikes.

Does this mean gold and silver equities could be a bargain today? Let's take a look at some of the top options on the TSX.

Kinross Gold Corporation ([TSX:K](#))([NYSE:KGC](#))

Kinross stock was up 1.89% on June 12. Shares are up 4.3% over the past week. The company released its first-quarter results back on May 8.

The company posted adjusted net earnings of \$125.2 million, or \$0.10 per share, compared to \$23.4 million, or \$0.02 per share, in the prior year. Kinross also saw operating cash flow increase to \$293.5 million and bumped up revenue by over \$100 million year over year.

Goldcorp Inc. (TSX:G)(NYSE:GG)

Goldcorp stock rose 0.32% on June 12. Shares are up 1.9% over the past week. In its first-quarter

results, Goldcorp posted declines in net earnings and production from the prior year. However, operating cash flows climbed to \$271 million compared to \$227 million in Q1 2017.

Silvercorp Metals Inc. ([TSX:SVM](#))(NYSE:SVM)

Silvercorp Metals stock dropped 0.27% on June 12, but shares have climbed 11.2% in 2018 so far. The stock is down 6.4% year over year. In its fiscal 2018 fourth-quarter results, Silvercorp posted net income of \$47 million, or \$0.28 per share, which represented an 8% increase from the prior year. The company also hiked its dividend to \$0.0125 per share.

Should you bet on precious metals this summer?

Although gold prices have surprised after Fed meetings recently, hawkish minutes will likely present risks for the yellow metal. The U.S. dollar has continued its upward trend on a pickup in economic activity and accelerating inflation since the early spring. Geopolitical risks still remain even after the positive U.S.-North Korea summit in Singapore, but falling tensions may drive investors away from safe havens in the short term. Cryptocurrencies have also been battered in recent weeks, but this has failed to produce any significant uptick for precious metals.

With U.S. and Canadian indexes gaining momentum in the late spring, it is difficult to make a case for increasing your weighting in gold and silver equities.

CATEGORY

1. Investing
2. Metals and Mining Stocks

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:KGC (Kinross Gold Corporation)
2. TSX:K (Kinross Gold Corporation)
3. TSX:SVM (Silvercorp Metals Inc.)

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