



## Will These 4 Big Gold Stocks Crush Earnings This Week?

### Description

It's gonna be a volatile week ahead for investors in gold stocks, and it isn't just about gold prices. Even as gold prices remain soft on a stronger U.S. dollar, some of the largest gold-mining companies are set to release their quarterly earnings this week. Four of them are **Barrick Gold Corp.** ([TSX:ABX](#))([NYSE:ABX](#)), **Goldcorp Inc.** ([TSX:G](#))([NYSE:GG](#)), **Yamana Gold Inc.** ([TSX:YRI](#))([NYSE:AUY](#)), and **Eldorado Gold Corp.** ([TSX:ELD](#))([NYSE:EGO](#)). Here's what to expect.

Gold Stock	YTD* Performance	Q2 Earnings Release Date
Barrick Gold	-12.9%	July 25 morning
Goldcorp	10.42%	July 25 after market
Yamana Gold	-5.9%	July 26 after market
Eldorado Gold	-19.2%	July 26 after market

*\*YTD= Year-to-date performance as of July 22, 2018. Data from YCharts.*

### Watch Barrick Gold's debt and cash flows

Barrick's Q2 sales and profit numbers will likely be muted. Earlier this month, Barrick reiterated its fiscal 2018 gold production guidance of 4.5-5 million ounces at all-in-sustaining costs (AISC) of US\$765-815 per ounce, but it downgraded its copper output projection by nearly 10% at the midpoint to 345-410 million pounds.

Investors should look beyond numbers though and focus on the bigger picture. With management [bringing down debt substantially](#) in recent years, management should start refocusing on growth, which is why you should check whether Barrick's cash flows are growing and how it plans to use cash (acquisitions, dividends, or share repurchases) in the near future in its upcoming earnings call.

### **Goldcorp is defying gold weakness**

Goldcorp shares have been among the strongest in the industry this year, thanks to strong growth prospects. In the first quarter, Goldcorp reiterated its full-year guidance of 2.5 million ounces at an AISC of US\$800 per ounce, despite lower production. While that means production will be at par with 2017, lower AISC should help lift the miner's profits this year.

In an interesting interview with *Bloomberg*, Goldcorp's CEO David Garofalo recently revealed that he'd like to expand the company's footprint into Nevada and Peru. That's one area investors would want to keep an eye on this week. Also, note whether Goldcorp is on track to its ambitious 20/20/20 goals, which include growing production, reducing AISC, and increasing gold reserves by 20% each by 2020.

### **Yamana Gold's cash flows matter most**

Poor operating numbers and falling gold prices have put pressure on Yamana Gold shares, but that could soon change.

Yamana's seventh mine Cerro Moro came online last month. Because Cerro Moro is touted to be Yamana's lowest-cost mine with high-grade ore, it should be the key to the miner's growth in coming years. The effect should start showing up this year itself, with Yamana projecting its full-year gold equivalent production to jump almost 14% to 1,013,000 ounces.

More importantly, Yamana's cash flows should grow substantially in coming quarters. With the stock trading at a price-to-cash flow ratio of less than five times, Yamana's cash flow growth projections this week could impact the stock price.

### **Is Eldorado Gold's key project on track?**

While analysts expect Eldorado Gold's Q2 revenue to rise significantly year over year by nearly 53%, profit expectations remain muted.

Last quarter, Eldorado reported poor numbers and gave out a disappointing outlook for fiscal 2018, especially cash operating cost guidance of US\$580-630 per ounce versus US\$509 per ounce last year. It projected gold production to be between 290,000 and 330,000 ounces this year versus 292,971 ounces in 2017.

Investors should check for whether Eldorado's Lamaque project is on track to come online next year and if any progress has been made in [Greece regarding permits](#) for its key developing projects. Lamaque, in particular, holds the key to Eldorado's turnaround.

### **CATEGORY**

1. Investing
2. Metals and Mining Stocks

## TICKERS GLOBAL

1. NYSE:AUY (Yamana Gold)
2. NYSE:B (Barrick Mining)
3. NYSE:EGO (Eldorado Gold Corporation)
4. TSX:ABX (Barrick Mining)
5. TSX:ELD (Eldorado Gold Corporation)
6. TSX:YRI (Yamana Gold)

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