



## How to Undercut Turkey's Lira Woes With 1 Great Gold Stock

### Description

Seeing a major world currency tumble is always a nerve-wracking experience for stock watchers, but it's been a while since one fell as far and as fast as Turkey's lira did last week. Stock markets around the world caught the wave, as Turkey's currency plummeted amid concerns that the country was headed for economic meltdown.

In case you missed it, the lira has shed over 34% of its value to the U.S. dollar since the start of the year, with things coming to a head last week when a single greenback could suddenly buy you 6.30 Turkish lira.

It's not hard to look at what's going on with Turkey's currency and see why it's a concern for global markets. However, let's stay bullish and take a look at a sector that may benefit from the downturn in Turkey's fortunes, plus one stock in particular that might be worth buying to capitalize on this change of events.

### This undervalued stock could soar

Domestic investors who own stock in Turkish assets may want to get out before the situation gets any worse, while shareholders in other cheap, emerging markets may want to ditch before the contagion spreads.

However, one other consideration stands out: Could there actually be an opportunity to be had from the downturn in Turkey's economy? What if there was some way that Canadian investors could capitalize on a lower lira?

One area that springs to mind is [gold](#). **Alacer Gold** (TSX:ASR) is a pure-play gold stock with a significant presence in Turkey — most notably an 80% interest in the Çöpler Gold Mine. With high-potential mining projects across the country, [Alacer Gold](#) has a very handsome balance sheet, and a canny outlook, which includes adding to its portfolio value, increasing free cash flow, and reducing project risks to as close to zero as possible.

It's a great value stock, currently discounted by 48% compared to its future cash flow value, and with

the kind of value multiples that financial advisors drool over. Check out that low P/E of 10.6 times earnings, mild PEG of 0.3 times growth, and very reasonable P/B ratio of 0.8 times book.

A general upward trend over the last 12 months is a reversal of Alacer Gold's previous 12-month fortunes, during which its share price exhibited a downward momentum. A 31.8% expected annual growth in earnings makes this a great stock for growth investors, especially if you have been put off by recent negative headlines in the cryptocurrencies, Canadian weed, and tech sectors and are returning to more traditional areas like precious metals.

### **The bottom line**

Alacer Gold had a good second quarter, which it reported at the start of August shortly after announcing positive drill results from its Ardich gold prospect. The stock has great valuation multiples and a very strong outlook. Additionally, far from doing poorly with a weak lira, Alacer Gold actually stands to benefit from an increased cash flow as a result, with an increase of \$5 million per 10% of devaluation. It's looking like a buy, and an interesting contrarian play amid Turkey's economic worries.

### **CATEGORY**

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