



Will Gold Stocks Stay Buried in October?

Description

The spot price of gold fell below the \$1,200 mark hours after the United States and Canada announced a trade deal that would maintain a [trilateral agreement](#) on the North American continent. This pushed the U.S. dollar, the Canadian dollar, and the Mexican peso upward on October 1. The stability offered by such a breakthrough will also strengthen the case for further rate hikes in the United States and Canada going forward.

Gold prices have been [unable to rally](#) from a slump that began in the early spring. Is there any reason for investors to bet on gold equities in October as this trend persists? Let's look at three gold stocks and determine a course for the rest of 2018.

Yamana Gold ([TSX:YRI](#))([NYSE:AUY](#))

Yamana Gold stock fell 1.24% on October 1. Shares have plunged 18.8% in 2018 so far. The company is set to release its third-quarter results on October 26.

In the second quarter, Yamana reported that revenue increased to \$431.5 million compared to \$428.1 million in the prior year. Mine operating earnings nearly doubled to \$103.5 million over \$55.2 million in Q2 2017. Yamana reported net earnings of \$12.4 million compared to a net loss of \$42.8 million. Earnings were boosted by a higher realized gold price per ounce and a higher copper price per pound.

Weaker gold and silver prices could hurt earnings in the third quarter, while copper has also sputtered in the summer.

Barrick Gold ([TSX:ABX](#))(NYSE:ABX)

Barrick Gold stock did not see much movement on October 1. Shares of Barrick have dropped 21.4% in 2018 and are down 28% year over year.

In September, Barrick announced plans to merge with **Randgold Resources**, an Africa-focused gold mining company. Under the current terms, which are still pending approval from shareholder and regulators, the company will go forward as new Barrick. It will also give Barrick access to five of the

world's top 10 tier-one gold assets by total cash costs.

Barrick reported adjusted earnings of \$81 million in the second quarter of 2018 and revenues of \$1.71 billion. The company is expected to release its third-quarter results on October 24.

Agnico Eagle Mines ([TSX:AEM](#))([NYSE:AEM](#))

Agnico Eagle stock fell 0.97% on October 1. Shares have dropped 24.7% in 2018. The company is expected to release its third-quarter results on October 24.

In the first six months of 2018, Agnico reported net income of \$49.9 million, or \$0.21 per share, compared to \$130.8 million, or \$0.57 per share, in the first six months of 2017. Agnico saw a decline in earnings largely due to lower gold sales volumes and higher costs. Fortunately, this was partially offset by higher gold prices. The spring and summer slump could hurt earnings in the third quarter.

Should investors steer clear of gold stocks in October?

It is difficult to see gold building positive momentum in the fall. Strong economic news in the United States and a rate-tightening environment will likely be a recipe for stagnation or a further drop in gold prices.

CATEGORY

1. Investing
2. Metals and Mining Stocks

TICKERS GLOBAL

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2. NYSE:AUY (Yamana Gold)
3. NYSE:B (Barrick Mining)
4. TSX:ABX (Barrick Mining)
5. TSX:AEM (Agnico Eagle Mines Limited)
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