



## Flight to Safety: Will Gold Stocks Outperform in 2019?

### Description

Investing in gold and/or [gold stocks](#) has been a slippery slope in recent times.

And with the price of gold once again falling below \$1,200 per ounce this past September, it seems that gold companies can't catch a break.

But what if the tides are turning now, as global markets may be topping and investor sentiment may be about to turn? What if investors flock toward gold stocks in order to have some calm in the upcoming storm?

Gold companies have been quietly getting their businesses in order, reducing debt, increasing efficiencies, and improving returns.

With respect to where gold is going from here, there are certainly many questions that remain.

But one thing is sure: the industry has suffered through a period of record production and declining demand in the past, and in response has worked hard at reducing costs and [improving balance sheets](#), which leaves them well positioned to reap the rewards of rising gold prices.

So where should investors turn to in this environment?

**Agnico-Eagle Mines Ltd.** ([TSX:AEM](#))([NYSE:AEM](#)) stock is down 22% in the last year. It's a sign of the times, as gold prices began another descent toward \$1,200 per ounce.

But Agnico is a high-quality gold producer with many positive features.

Historically, the company has been a consistent top performer, with solid operational performance and an industry-leading cost structure, which has driven consistently better-than-expected results.

At this point, Agnico is on the verge of starting production from two new mines, Ameruq and Meliadine, with estimates for production growth of 31% from 2017 to 2021, according to some analyst estimates. This puts the company at the top of the list among gold producers of its size for production growth.

On the risk side, Agnico-Eagle has the lowest political risk profile of its peer group, with gold mines in politically safe areas such as northwestern Quebec, northern Mexico, Finland, and Nunavut, and exploration activities in Canada, Europe, Latin America and the United States.

**Barrick Gold Corp.** ([TSX:ABX](#))(NYSE:ABX) is a gold stock with a checkered past, with years of overspending, poor returns, and trouble related to heavy debt levels. At this point, Barrick's merger with Randgold increases the company's operating and geopolitical risks as it increases its African assets.

When it comes to **Kinross Gold Corporation** ([TSX:K](#))(NYSE:KGC), we have a similar story in that the company's assets bring a lot of geopolitical risk to the table, as it has significant production coming out of Russia and West Africa.

**Goldcorp Inc.** (TSX:G)(NYSE:GG) is an \$11.5 billion market capitalization company that will see a significant production ramp out of its mine in Northern Quebec and has a low risk profile with regard to location of mines as well as debt levels.

In summary, I would recommend Agnico-Eagle and Goldcorp stock for their safe haven qualities.

## CATEGORY

1. Investing
2. Metals and Mining Stocks

## TICKERS GLOBAL

1. NYSE:AEM (Agnico Eagle Mines Limited)
2. NYSE:B (Barrick Mining)
3. NYSE:KGC (Kinross Gold Corporation)
4. TSX:ABX (Barrick Mining)
5. TSX:AEM (Agnico Eagle Mines Limited)
6. TSX:K (Kinross Gold Corporation)

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