



## Is it Time to Bulk Up on Gold Stocks?

### Description

While investing in [gold stocks](#) has pretty much been a losing proposition in the last five years and more, one thing caught my attention last week.

As I know you are well aware of, on October 9, the **S&P/TSX Composite Index** began a sell-off that spooked investors, leaving us wondering if this is the sell-off we have been waiting for and/or dreading. The [TSX index](#) declined 3.4% in the next two days in a sharp, albeit short-lived, sell-off.

But what happened to gold and gold stocks?

Well, gold rallied to the tune of 3.5%. As for gold stocks, they were, as expected, the calm in the storm as investors gravitated toward safety.

And while the market seems to have shrugged off this nervousness, the risks remain.

So, if you are expecting more volatility and downward pressure in the stock market, here are some gold stocks that you may want to consider adding to your portfolio for that element of safety.

The industry has suffered through a period of record production and declining demand in the past, and in response it has worked hard to reduce costs and improve balance sheets, and this gold companies well positioned to reap the rewards of rising gold prices.

**Agnico-Eagle Mines** ([TSX:AEM](#))([NYSE:AEM](#)) stock is up 14% since October 9.

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 in time, 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.

The \$11.5 billion **Goldcorp** (TSX:G)(NYSE:GG) is up 10.4% since the big market sell-off and is a good gold stock to hold.

The company 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.

With **Kinross Gold** ([TSX:K](#))([NYSE:KGC](#)), we see that the stock rallied only marginally, probably a reflection of the company's geopolitical risk profile, as the company's assets bring a lot of geopolitical risk to the table, with significant production coming out of Russia and West Africa.

Although it is as expected that investors would drive up gold stocks in times of market turmoil, it was good to see confirmation of this trade and it provided confidence in it.

So, for those investors that would like some protection from the TSX index risks, consider bulking up on gold stocks.

## CATEGORY

1. Investing
2. Metals and Mining Stocks

## TICKERS GLOBAL

1. NYSE:AEM (Agnico Eagle Mines Limited)
2. NYSE:KGC (Kinross Gold Corporation)
3. TSX:AEM (Agnico Eagle Mines Limited)
4. TSX:K (Kinross Gold Corporation)

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