



2 Reasons Yamana Gold Inc. (TSX:YRI) and Kinross Gold Corporation (TSX:K) Stock Will Shine in 2019

Description

A rough-and-tumble October for investors was [good for the spot price of gold](#), which finished the choppy month in the black. It broke off a period of stagnation for the yellow metal that had extended into the fall. Prices have [suffered](#) since the late spring on positive economic data and the continued strength of the U.S. dollar.

In a rare month, gold equities recorded solid gains. However, there were some exceptions.

Yamana Gold ([TSX:YRI](#))([NYSE:AUY](#)) stock has dropped 2.5% month over month as of close on November 2. Shares briefly fell to a 52-week low of \$2.92 in the final days of October before bumping back above the \$3 mark as November hit. Yamana stock is down 20.4% in 2018 so far.

Yamana has been no stranger to disappointment. Its October 25th third-quarter earnings report marked another frustrating release for shareholders. The company reported a net loss of \$81 million compared to a \$45 million net profit in the prior year.

Yamana elected to punt its costly Gualcamayo mine investment and announced that it had sold its Argentinian mine to Mineros S.A. in an \$85 million deal.

The company has reaffirmed its production guidance for the year and still boasts properties with good potential. Hanging near a 52-week low, Yamana looks enticing at a glance, but its management team needs to string together better performances.

Kinross Gold ([TSX:K](#))([NYSE:KGC](#)) stock has climbed 1.4% over the past month. Shares have plunged 33.2% in 2018 so far. Kinross is set to release its third-quarter earnings this week. A rough second-half slump for gold may not bode well for its upcoming release, but investors should consider these gold stocks for their portfolios in 2019. Let's examine why.

A political earthquake in Brazil

Kinross and Yamana both possess mining interests across South America and, most notably, in Brazil.

Yamana saw its Brazil-based Chapada and Jacobina mines produce over 62,000 ounces of gold combined in the third quarter. Kinross's Brazil-based Paracatu mine has produced 249,000 ounces of gold in the first six months of 2018.

The election of Jair Bolsonaro in Brazil will likely usher in more favourable conditions for miners. He has publicly stated his intent to loosen restrictions and pursue more liberal markets in Brazil, which has garnered the favour of the business community.

Cracks are emerging in the global economy

The month of October demonstrated that gold remains a tried-and-true safe haven during turbulent periods. The coming months will test the global economy, as many developed nations attempt to normalize loose monetary policies that were implemented in response to the financial crisis. The United States, Canada, and Europe all face familiar economic problems: high debt, wage stagnation, rising protectionism, and anemic growth in the post-crisis period.

Investors should be prepared for more turbulence in the stock market. This will open the door for gold equities as risks to the market continue to build.

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1. Investing
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