

## Gold Surges: Time to Buy Barrick Gold Corp. (TSX:ABX) Stock?

### Description

Gold stocks have had a rough run for several years, and while most investors have given up on the sector, others are starting to kick the tires on the industry's top names.

Let's take a look at the current situation in the gold market to see if **Barrick Gold** ([TSX:ABX](#)) (NYSE:ABX) deserves to be in your [portfolio](#).

### Gold recovery

Gold recently surged above US\$1,260 per ounce, adding to a rebound that has gradually taken the precious metal higher since it hit a 2018 low in the middle of August around US\$1,170 per ounce. Gold still has a way to go before it regains the 2018 high near US\$1,360, but the current trend suggests that could be in sight in the coming months.

### What's going on?

Gold is catching a safe-haven bid as investors fret about a series of geopolitical and economic threats.

The largest concern likely centres around the trade tensions between China and the United States. The two countries are said to be in discussions to resolve their differences, but sideline distractions could derail the process. For example, Canada has detained a senior executive of Huawei on behalf of the United States. The U.S. Justice Department wants her extradited to face claims the company ignored sanctions and sold products to Iran. The woman is not only Huawei's CFO, she is also the daughter of the company's founder.

The U.S. Justice Department also just charged a group of Chinese nationals for alleged international hacking violations.

In Europe, a no-deal Brexit is becoming more likely, and the closer the U.K. gets to the March deadline without an agreement, the more volatility the markets could see. As a result, more funds could flow into gold until the situation gets resolved.

A meltdown in oil prices and corrections in global equity markets are likely adding additional support to gold.

The yellow metal's price is also impacted by interest rate moves in the United States. The U.S. Federal Reserve just increased its target rate for the fourth time in 2018, but expectations for further hikes in 2019 have been reduced. Higher interest rates boost the yield investors can get on guaranteed investments, making non-yielding gold less attractive. If the Fed decides to slow down or halt its rate hike program next year, gold could get a nice boost.

Overall, the current trend appears favourable for additional gold gains.

## Should you buy Barrick Gold?

Barrick Gold trades for \$18 per share. In 2011, when gold hit US\$1,900 per ounce, the stock topped \$54. I wouldn't bet on a triple from the current price in the near term, but the stock might be oversold given the progress the company has made on its turnaround program, and the recent deal to acquire Randgold Resources.

Barrick Gold has its debt under control, and the merger with Randgold will create a global gold giant that owns five of the top 10 mines on the planet with several other high-quality developments in the pipeline. The company is even raising the [dividend](#). Tier one gold deposits are becoming harder to find and consolidation in the industry could eventually put control of a large part of the known mineral resources in the hands of a few major players.

You have to be a gold bull to own any of the miners, and a reversal of the gold price could occur at any time. However, for investors who want to have some gold exposure, Barrick should be a solid pick today.

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