



Here Is Why You Need Gold in Your Portfolio This Year

Description

In early December, I'd [discussed bullish signs for gold](#) as we prepared to enter the new year. At the time, the spot price of gold had just reached \$1,250 per ounce. As of this writing, gold has climbed to nearly \$1,300 per ounce. There is good reason to believe that the yellow metal can carry this momentum throughout 2019.

The bout of stock market volatility has spilled over into 2019. It shows no signs of slowing down, as more ominous news continues to trickle out to investors. On January 3, it was revealed that U.S. manufacturing activity grew at its slowest pace in over two years. This had analysts and economist concerned that the trade war ignited by the Trump administration had begun to have a negative impact on domestic activity.

Consumer demand has also waned, as pessimism is starting to sweep through North America and much of the developed world. The Dow Jones Industrial Average and S&P 500 dropped 2.8% and 2.4%, respectively, on January 3. The tech-heavy NASDAQ dropped 3%. The S&P/TSX Composite Index shed 134 points on the same day.

Price action on gold equities has been one of the few bright spots during this period.

Barrick Gold ([TSX:ABX](#))(NYSE:ABX) was [my top stock pick](#) for the month of January. Shares fell 1.35% on January 3. Barrick has retreated from its Canadian roots but is now firmly a global gold mining leader. The company boasted that with the Randgold acquisition it will now run five of the 10 best gold mines in the world.

Barrick considers itself at the forefront of a push to consolidate the gold mining industry, which has struggled due to years of low prices. Fortunes have changed for the yellow metal over the past few months, and Barrick's massive volumes will see it churn out huge profits if this momentum carries over. As far as Canada-based gold miners go, Barrick is in a class of its own.

Yamana Gold ([TSX:YRI](#))(NYSE:AUY) stock rose 3.06% on January 3. Shares have surged 18% over the past month. Yamana is a Toronto-based miner and is a key company to watch as we reflect on the big moves of Barrick, which has called on other Canadian miners to aggressively consolidate. Yamana

has the size and the production to make moves, but it has been hamstrung by poor performance over the past year.

Time and again, Yamana earnings have fallen short of expectations. The company missed revenue expectations by \$51.1 million in Q3 2018. Shares are still down 21% year over year, even after its recent bump. Yamana dumped its Gualcalmayo mine for \$85 million in an \$85 million deal in 2018, which is encouraging after some disappointing results. It still boasts promising prospects in Agua Rica and its Suyai projects.

The last time Yamana reached above \$5 per share was during the short gold bull run in 2016. It has a chance to threaten three-year highs if gold can hold the push above \$1,300 an ounce. Yamana is well worth holding in the beginning of 2019.

CATEGORY

1. Investing
2. Metals and Mining Stocks

TICKERS GLOBAL

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2. NYSE:B (Barrick Mining)
3. TSX:ABX (Barrick Mining)
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Date

2025/07/19

Date Created

2019/01/06

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