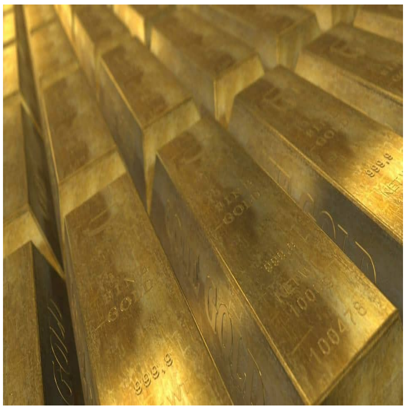

1 Canadian Gold Stock to Rule Them All … But Which Is it?

Description

With higher gold set to give Canadian precious metals and mining stocks a very welcome boost this year, let's take a look at that TSX index favourite, **Goldcorp** (TSX:G)(NYSE:GG), and see how it squares up against two other stalwart domestic gold tickers. With a mix of growth, dividends, decent balance sheets, and upward trending share prices, the following three stocks are looking attractive right now, but only one of them is a best-fit stock for the low-risk investor.

High-growth, but is it a buy?

Over the last five years, Goldcorp has seen an average growth in earnings of 32.6%, putting it more or less in line with the Canadian mining industry's average of 34.1% for the same period. A 74% expected annual growth in earnings is significantly high, and not just for the TSX index, and with a dividend yield of 0.73%, this might just be a stock to buy and hold; a low-ish debt level of 21.3% of net worth would make this a relatively low-risk proposition.

Up 2.29% in the last five days and with a five-year beta of 1.22 relative to the market, there's some momentum in this popular gold stock, with a share price that's been trending upwards since last October. While earnings-focused investors might not be over the moon about a P/E ratio of 123.2, Goldcorp is still trading below the book price with a P/B ratio of 0.7.

Let's dig further into Goldcorp's competition

With a five-year average past earnings growth of 61.4%, **Barrick Gold** (TSX:ABX)(NYSE:GOLD) beats Goldcorp at the track record game. In terms of a trend, Barrick Gold had been climbing since last September — up until a sharp drop at the start of 2019. It's climbing again now, though, with a 7.77% gain in the last five days.

With a 0.81 five-year beta relative to the market, it may seem a little low on momentum stats, though the share price is still overvalued by around three times its future cash flow valuation. Its P/E ratio is in the red, though a P/B of 1.7 gives some further indication of how much of a bang you'll be getting for your buck.

Though Barrick Gold carries more debt than Goldcorp at 53.8% of its net worth, it pays a higher dividend yield of 1.23% and is looking at a slightly better couple of years, with a 76.8% expected annual growth in earnings. Inside buying data shows that considerable volumes of shares were snapped up in the last three months.

Atalaya Mining (TSX:AYM)

A five-year average in earnings growth of 63.9% puts Atalaya Mining ahead of the curve when it comes to track records. It's also the clear top stock when it comes to valuation, with a P/E of 11.4 and P/B of 1.4. Atalaya Mining's share price has been climbing since November, following a 2018 marked by some large peaks and troughs. Up 0.75% in the last five days, it's back to its usual low-volatile ways, as characterized by a five-year beta of 0.04 relative to the market.

Don't expect dividends from this thoroughbred mining stock, though — it's a simple capital gains play for the time being. With a lower expected annual growth in earnings than the previous two stocks, Atalaya Mining's 26.4% gain should bring some extra upside to investors over the next one to three years.

The bottom line

An ROE of 25.2% coupled with a squeaky clean balance sheet unmarred by debt makes Atalaya Mining a strong play if you're looking for a precious metals stock on the TSX index that matches growth with decent valuation. While the other two stocks here have higher expected growth in earnings on the cards, Atalaya Mining is the best all-rounder for the low-risk capital gains investor.

CATEGORY

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2. Metals and Mining Stocks

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