Retirement Investors: Which Canadian Gold Stocks Belong in Your Savings Plan?

Description

It’s that time of year when investors are hunting for last-minute additions to their RRSPs. While last year was a tough one across the board for some metals and mining stocks on the TSX index, 2019 is looking like a good year for gold in particular. With that in mind, the following three gold stocks have been evaluated for possible inclusion in an RRSP based on their valuations and outlook in terms of potential growth in earnings.

Goldcorp (TSX:G)(NYSE:GG)

Adding a dividend-paying gold stock such as this example of a top-tier TSX index miner makes sense. Up 1.6% in the last five days, it’s a popular choice at the moment. It may have had a tough 2018 with one-year past earnings growth dropping by more than 80%, but a five-year average of 32.6% shows that it’s a strong stock overall. Goldcorp has a healthy balance sheet, too, with a debt level of 21.3% of net worth a fair bit below the danger threshold.

Insiders have been selling shares in the last three months, but are they doing the right thing? While there may be something more to that off-key insider confidence, on paper, Goldcorp is hitting all the right notes on per-asset valuation, passive income, and growth. Respectively, check out a P/B of 0.7 times book, dividend yield of 0.73%, and 52.5% expected annual growth in earnings.

Barrick Gold (TSX:ABX)(NYSE:GOLD)

A much-discussed stock at the moment, Barrick Gold is one of the most interesting stocks on the TSX index when it comes to precious metal miners. Up 4.27% in the last five days, it’s hot to trot when it comes to reward with upside, and with a 98.4% expected annual growth in earnings over the next three years, there’s reason enough for a growth investor to take note.

While one-year past earnings was negative to the tune of -130.4%, a five-year average earnings growth of 61.4% shows that Barrick Gold is usually on the straight and narrow. It’s moderately valued in terms of assets with a P/B of 1.8 times book, and it pays a dividend yield of 1.18%. With stats like these, it’s little wonder there’s been a lot of inside buying.

Wesdome Gold Mines (TSX:WDO)

This is that rarest of TSX index wonders: a mining stock that had a good 2018. Down 4.51% in the last five days and with no dividends at this stage, it may not seem an immediately obvious choice; however, with a one-year past earnings growth of 237.2% and 61.3% expected annual growth in earnings on the way over the next one to three years, it’s clearly a sturdy stock when it comes to income.

A five-year average past earnings growth of 47.3% should satisfy investors keen for a healthy balance sheet, while a low debt level of 5.5% of net worth may interest those investors with little appetite for risk. Wesdome Gold Mines may not be the best value at the moment, though, with a P/E of 56.1 times earnings and P/B of 4.3 times book.

The bottom line

Barrick Gold’s insider buying gives a clear signal that confidence among the inner circle is high, though its share price is overvalued by more than three times its future cash flow value. Still, it’s one of the best gold stocks on the TSX index and probably the strongest contender in the dividend-paying miner category for inclusion in your RRSP, with Goldcorp being another strong choice.

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