



Barrick Gold Corp. (TSX:ABX): Should You Buy the Stock on the Dip?

Description

The stock price of **Barrick Gold** ([TSX:ABX](#))(NYSE:GOLD) dropped nearly 4% after the company reported Q4 earnings. Investors who follow the mining giant are wondering if the pullback is a good opportunity to buy the shares.

Let's take a look at the current situation to see if Barrick deserves to be on your [buy list](#).

Results

Barrick reported a US\$1.2 billion loss for Q4 2018, largely due to impairment charges at two of its mines. Adjusted net earnings came in at US\$69 million.

The market, unsurprisingly, reacted negatively to the news. Mining is a precarious business, and operations can and will hit short-term speed bumps. When things don't go smoothly, the share price normally takes a hit.

Beyond the Q4 numbers, the full-year 2018 results were pretty good. Barrick produced 4.53 million ounces of gold during the year, which was within guidance. All-in sustaining costs came in at US\$808 per ounce, making Barrick one of the low-cost producers among the large mining companies.

The company generated US\$365 million in free cash flow during the year, reduced total debt by 11%, and raised the [dividend](#) by 33%. Adjusted net earnings for 2018 came in at US\$409 million.

Randgold merger

The big news is the recently closed merger with Randgold Resources. The deal creates a global mining powerhouse with five of the top 10 gold mines on the planet and strong operations in key gold regions, including North and South America and Africa.

The company also owns copper mines.

Consolidation is expected to continue in the gold sector, and the end result could be a handful of massive companies controlling the majority of the known gold resources around the world.

Gold outlook

Gold enjoyed a nice run in recent months, surging on the back of reduced expectations for interest rate hikes in the United States and safe-haven demand due to investor concerns about Brexit and the ongoing trade battle between the United States and China.

At the time of writing, gold trades at US\$1,307 per ounce, which is down from the US\$1,325 close at the end of January. Headlines in the past few days suggest the U.S. and China might be getting close to a trade deal, and pundits are hoping for the E.U. to give the U.K. more time to sort out its exit terms. As a result, gold is giving back some of its gains, and the trend might continue in the near term on additional positive trade news.

On the positive side, central banks have been on a buying binge, and that could provide ongoing support. The Fed appears content to sit on its hands for the time being, and any negative event in the Brexit drama or a breakdown in trade negotiations between the U.S. and China could quickly send gold higher.

Should you buy Barrick?

You have to be a gold bull to own any of the miners. If you fall in that camp, Barrick appears attractive today. The company has made good progress on its turnaround program, and the Randgold merger puts it in good shape to compete in the coming decades. Volatility should be expected, but Barrick deserves to be on your radar as a core gold holding.

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