



## Are Gold Stocks a Good Bet in March?

### Description

Gold futures suffered the biggest single-session since August 2018 on February 21. The pullback was not unexpected given the momentum that gold had built since late 2018. The yellow metal has been the beneficiary of volatility late last year, and prices rose even higher on the dovish turn from the U.S. Federal Reserve. Heading into 2019, I was [bullish on gold](#), especially given the potential for volatility from slumping domestic growth and continuing trade tensions.

Although gold experienced some downward pressure to close the week, the bull indications have not gone away. In fact, gold looks even [more attractive](#) heading into the spring months. January Fed minutes revealed that officials widely favour ending the run-off of the central bank's balance sheet and experienced skepticism as to whether any rate hikes were needed in 2019. Economic headwinds have also built up, as U.S. retail sales plunged year-over-year in December 2018. Manufacturing business outlook also took a tumble to its lowest level since 2016 in the United States.

Let's look at three gold stocks that have been volatile to start the year. Should you be holding on tight in March and beyond?

#### **Yamana Gold** ([TSX:YRI](#))([NYSE:AUY](#))

Yamana Gold stock has climbed 12.7% in 2019 as of late afternoon trading on February 21. Shares were still down 3.7% year over year. Last week Yamana released its fourth-quarter and full-year results for 2018.

Full-year gold and copper production at Yamana Mines exceeded the higher guidance levels it had set back in October 2018. Yamana reported revenue of \$483 million and was forced to absorb impairments of \$151 million for Minera Florida and \$45 million for Canadian Malartic. It also reported a \$33.3 million tax expense in Brazil, which it hopes to later reverse through legal proceedings.

Yamana is still in need of free cash flow injection, especially as it entered 2019 with \$1.76 billion in debt in comparison to \$98.5 million in cash. Sustained higher gold prices will go a long way toward producing more cash flow in 2019.

## **Barrick Gold** ([TSX:ABX](#))(NYSE:GOLD)

Barrick Gold stock had dropped 1.5% in 2019 as of late afternoon trading on February 21. Shares were still up 11.8% year over year. Barrick was recently able to reach a settlement through its subsidiary Acacia Mining, which will include a \$300 million payment to resolve tax claims in Tanzania.

Barrick released its fourth-quarter and full-year results for 2018 on February 13. The company generated full-year revenues of \$7.24 billion and reported net cash provided by operating activities of \$1.77 billion. Full-year gold production hit 4.53 million ounces, which was well within guidance. The company reported debt reduction of 11% in 2018 to \$1.6 billion at year-end.

There is some disappointment that the Tanzania dispute could not be resolved after the acquisition of Randgold, but Barrick still looks promising going forward. At year-end, it boasted proven gold reserves of 62.3 million ounces. Barrick will also see results bolstered by higher gold prices.

### **CATEGORY**

1. Investing
2. Metals and Mining Stocks

### **TICKERS GLOBAL**

1. NYSE:AUY (Yamana Gold)
2. NYSE:B (Barrick Mining)
3. TSX:ABX (Barrick Mining)
4. TSX:YRI (Yamana Gold)

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