



RRSP Investors: Are Gold Stocks the Safe Haven You Are Looking for?

Description

Economic news and data points have been anything but clear in the last few months, with the U.S. Fed chair signaling that we should expect rising rates back in 2018 to a more cautious and hawkish tone these days. This has sent the markets on a volatile ride between fear and exuberance.

Throughout this, [gold stocks](#) have held up nicely. And I still think they are a good place to be in this environment where geopolitical risk is high, where investors may be looking for a safe haven, and when the U.S. dollar is showing weakness.

In late 2011, gold prices peaked at close to \$1,900 per ounce then retreated steadily to levels of just over \$1,000 per ounce at the end of 2015. Prices are currently \$1,330 per ounce.

Gold companies have worked hard at reducing costs and improving balance sheets, which leaves them well positioned to reap the rewards of rising gold prices.

So, if you believe gold prices will continue to rally, here are two gold stocks to consider for your RRSP — stocks that, as we can see in the following comparison, have significantly outperformed the **S&P/TSX Composite Index** in the last year. Since last year's lows, the [TSX Composite Index](#) has risen 16.5%.

In contrast, we can see that **Agnico-Eagle Mines** ([TSX:AEM](#))([NYSE:AEM](#)) stock rallied 30% since its end of 2018 lows, and **Kirkland Lake Gold** (TSX:KL)(NYSE:KL) rallied 107%.

Gold companies have benefited from their own company-specific improvements as well as the rally in the gold price, and their stocks have benefited from all these factors as well as changing investor sentiment.

Agnico-Eagle Mines

\$12 billion Agnico-Eagle has the lowest political risk profile of its peer group, with gold mines in politically safe areas such as northwestern Quebec, northern Mexico, Finland, and Nunavut, and

exploration activities in Canada, Europe, Latin America, and the United States.

The company has been a consistent top performer, with solid operational performance and an industry-leading cost structure, which has driven consistently better-than-expected results.

2018 results came in above expectations, the dividend was increased 14%, and production guidance was increased.

Kirkland Lake Gold

\$7.4 billion Kirkland Gold is achieving production and financial momentum, as it surpasses 2018 production targets and achieves better-than-expected EPS and cash flow numbers.

With mines in Canada and Australia, Kirkland also represents a lower-risk way to play the gold space.

This is a high-quality stock that has shown operational excellence and that can be expected to continue to see strong production growth, decreasing costs, and a rising dividend.

CATEGORY

1. Dividend Stocks
2. Investing
3. Metals and Mining Stocks

TICKERS GLOBAL

1. NYSE:AEM (Agnico Eagle Mines Limited)
2. TSX:AEM (Agnico Eagle Mines Limited)

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Author

karenjennifer

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