



## Alert! Does This Signal Mean it's Time to Pile Into Gold Stocks?

### Description

The spot price of gold hit a one-month high in trading late last week before suffering a pullback into the middle of this week. The news of a yield curve inversion for the 10-year U.S. Treasury and the 10-year Canadian bond caused a brief bout of panic in North American markets. Unsurprisingly, this resulted in a good day for the yellow metal.

At the beginning of the year, I'd recommended that investors [stash gold equities](#) in their portfolios. As 2018 came to an end, markets were in turmoil, and U.S. and Canadian central banks had capitulated on their rate-tightening path. The U.S. Fed and Bank of Canada have only grown more dovish to start 2019, even in the face of a significant stock market rally. The threat of [chaos surrounding Brexit](#) negotiations also has investors on their toes in anticipation of potential blowback for the global economy.

Geopolitical shocks and a slowing global economy are both bullish signs for gold, but the key mover going forward is the about-face on interest rates. Gold is in a great position to thrive, especially if oddsmakers are proven correct and central banks go as far as to cut rates in 2019 in response to a slumping economy.

Below are two gold stocks worth considering in the early spring.

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

Yamana Gold stock has climbed 14.3% in 2019 as of close on March 26. Shares are up 1.1% from the prior year. The Toronto-based miner produced over 940,000 ounces of gold in 2018, which surpassed its original production guidance of 900,000 ounces of gold.

Yamana has disappointed shareholders in recent earnings reports, but the fourth quarter appeared to be a return to form. Revenue per ounce of gold settled in at an average of \$1,263 in 2018, which was only up marginally from an equally muted 2017. If the spot price of gold can make a push to \$1,400, Yamana will be in great shape in the quarters to come.

Floundering prices and weaker-than-expected earnings have kept Yamana stock in a narrow 52-week range. The stock currently boasts an RSI of 59, which puts it in neutral territory in late March.

## Kirkland Lake Gold (TSX:KL)(NYSE:KL)

Kirkland Lake has been a top performer in the mining sector. Shares of the Toronto-based gold producer have climbed 25% in 2019 so far. The stock is up nearly 120% from the prior year.

Kirkland Lake had a fantastic 2018 in which it produced 723,477 ounces of gold — a new record for the company. It is forecasting solid production growth in the coming years. It has targeted production between 740,000 and 800,000 ounces in 2019 and is forecasting up to one million ounces produced by 2021. This top-shelf production combined with higher revenues from rising prices is a perfect storm for Kirkland Lake.

Kirkland Lake stock is hovering around an all-time high, but it has experienced a slight pullback. Its technicals suggest that it is not overbought, as an RSI of 49 puts it in neutral territory. Even still, considering the wealth of discounts in this sector, value investors should be picky with this stock right now and wait for a more favourable entry point.

### CATEGORY

1. Investing

### TICKERS GLOBAL

1. NYSE:AUY (Yamana Gold)
2. TSX:YRI (Yamana Gold)

### PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

### Category

1. Investing

### Date

2025/07/19

### Date Created

2019/03/27

### Author

aocallaghan

default watermark