



Which Stock Is the Better Buy: Barrick Gold (TSX:ABX) or Wheaton Precious Metals (TSX:WPM)?

Description

It's no secret that **Wheaton Precious Metals** ([TSX:WPM](#))([NYSE:WPM](#)) has been hitting some crazy numbers recently.

The stock has gone from about \$20 per share to over \$31 per share at the time of writing in under four months.

But is this stock still at the top? Another titan of the gold industry is **Barrick Gold** ([TSX:ABX](#))([NYSE:GOLD](#)), which could be a fairly sturdy option as well.

So, which should you be investing in?

Wheaton

Wheaton's business model is what makes investors pretty excited about this company. Rather than owning and operating mines, the company invests in mining projects. For example, if a mining company wants to open a mine but needs start-up costs, Wheaton swoops in with the funds.

What does Wheaton get in exchange? It gets the precious metals the company mines at below wholesale prices. It's a pretty sweet deal for both the company and its investors.

The latest increases in this company's stock pretty much add up to some more streaming deals Wheaton has made. Most recently, the company paid \$307 million for a [streaming agreement with Hudbay Minerals](#), which saw shares jump about 5%.

But if we add up all the deals the company has made in the last while, shares have jumped 55% from \$20.56 to \$31.89 at the time of writing.

Can the stock keep up these numbers? That depends pretty much entirely on the value of gold, silver, and copper and as long as these deals keep up. Should a recession occur, those prices could go down

and take the share price along with it.

Barrick

What Barrick has going for it is pretty major: it's the largest gold producer in the world. The great news for this industry titan is that gold has been on a bit of a rally. The great news for investors is that Barrick has also been merging and acquiring company after company amid this news.

The biggest merger, of course, was with Randgold Resources, and, according to [fellow Fool writer Andrew Walker](#), it was, "a deal that created a mining company with five of the top 10 mines on the planet."

Next in its sights is a deal with **Newmont Mining**, and if it happens there is really no stopping Barrick from taking over the gold industry.

Where Wheaton has been on a pretty steady upward trend, Barrick has had a few more ups and downs. But the stock is still doing well, starting off the year at around \$16 to now reach almost \$19. And that could just be the beginning.

If gold prices continue to rally, this stock could be in the territory of doubling in the next while, potentially reaching \$30 by the end of 2020.

Barrick or Wheaton?

Gold may be rallying, but with a recession on the line, I just don't trust that the commodity will continue on its tear. Wheaton has just a too good of a business model to ignore. Where Barrick will definitely continue on an upward trend over the long term, I would wait to invest until the next downturn.

In the meantime, Wheaton's diversified mining projects mean the company could potentially just continue its meteoric rise and reach \$40 per share by the end of 2020. It may not be as drastic an increase as Barrick, but it's definitely a bit more sturdy.

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