



Diversify Your RRSP With These 2 Top Gold Stocks

Description

Saving for retirement with a well-diversified RRSP portfolio will enable your financial goals to come to life under different economic scenarios, as the benefits of diversification work their magic.

One sector that is a safe, diversifying anchor in a portfolio is the [gold sector](#).

The U.S. dollar is strongly correlated to movements in gold prices. As the U.S. dollar rises, the price of gold falls, as gold is priced in U.S. dollars and therefore becomes more expensive in other currencies. This serves to reduce demand and therefore the price of gold.

On the flip side, as the U.S. dollar falls, the price of gold rises.

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. The price of gold is currently just below \$1,300 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.

With many market pundits calling for a weaker U.S. dollar as interest rates will stay lower longer given weakening growth and below-target inflation, investors may want to consider these quality gold stocks in order to get exposure to rising gold prices.

Agnico-Eagle Mines ([TSX:AEM](#))([NYSE:AEM](#))

\$13.4 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.

With a 69% five-year return and a 1.13% dividend yield, Agnico stock continues to be a reliable stock for gold exposure.

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

Rising from obscurity five years ago and returning 1,700% in the process, \$8.3 billion Kirkland Lake Gold is achieving production and financial momentum, as it continues its solid performance and its momentum of beating targets.

In fact, in 2018 production targets were surpassed and the company achieved 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 sector.

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
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1. Editor's Choice

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2. TSX:AEM (Agnico Eagle Mines Limited)

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Date

2025/08/25

Date Created

2019/04/03

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