



Solid Results Make This Gold Stock a Top Pick for Your RRSP

Description

RRSP investors, are you looking for [quality stocks](#) that you can tuck away into your portfolio and that will give you confidence that your money will grow well into your retirement years?

For this, you should not only gather a list of top quality stocks, but you should also make sure your portfolio provides adequate diversification so that it can outperform in different economic and market environments.

The [gold sector](#) is a necessary sector for proper portfolio diversification, as gold exposure acts as a safe haven in difficult economic times and moves counter to many of the other sectors.

So to start building an RRSP that will leave you feeling at ease, let's look at **Agnico-Eagle Mines Ltd.** ([TSX:AEM](#))([NYSE:AEM](#)).

Lowest risk profile

Agnico-Eagle is a Canada-based intermediate gold producer with assets in low-risk, politically safe areas such as northwestern Quebec, northern Mexico, Finland, and Nunavut, and exploration activities in Canada, Europe, Latin America and the United States.

This goes a long way to making this gold stock a top stock for gold exposure in an RRSP portfolio, because as we have seen with many other gold companies, adverse political events can break a company and destroy shareholder value at a frightening pace.

Operational excellence

Agnico-Eagle continues to report better-than-expected results, and the latest quarter (Q1 2019) was no different).

EPS of \$0.14 was almost two times higher than expectations, costs were significantly lower than

expectations and new projects Ameruq and Meliadine remain on target and are positioned to send Agnico's cash flow soaring.

Future growth coming on strong

At this point in time, Agnico is on the verge of starting production from its two new mines, Ameruq (Q3/19) and Meliadine (Q2/19), with estimates for production growth of 31% from 2017 to 2021, according to some analysts' estimates.

This puts the company at the top of the list among gold producers of its size for production growth.

In addition to this, capex will be coming down after two of the highest capex spend years in the company's history, so cash flows will increase significantly going forward.

Price of gold

The price of gold currently is at just over \$1,280 per ounce, as interest rates that do not appear to be headed higher anytime soon have taken the pressure off of gold prices.

Recall that as the U.S. dollar falls, this makes gold (which is priced in U.S. dollars) less expensive in other currencies and therefore serves to increase demand.

For context, 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.

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

CATEGORY

1. Investing
2. Metals and Mining Stocks

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Author

karenjennifer

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