



Gold Is on an Upswing: Which Precious Metal Stocks Are a Buy?

Description

Amid the backdrop of economic uncertainty, gold is finally starting to catch a bid. At \$US 1,356.65 an ounce, the price of gold has hit yearly highs. The precious metal has made most of its gains over the past couple of months where it has rebounded from 2019 lows.

How high can it go? Recent estimates point to an 80% chance of a rate cut south of the border. In fact, markets are pricing in three by the end of year, a bullish sign for gold prices. On Wednesday, billionaire investor Paul Tudor Jones created plenty of buzz when he indicated gold can push to \$1,700 “rather quickly” once it breaches the \$1,400 mark.

With that in mind, there are a couple of ways in which you can add gold exposure to your portfolio. You can invest in the best-performing stocks in the sector or take advantage of undervalued companies who have struggled to make gains. For your consideration, here are two stocks worth buying today in anticipation of a gold bull market.

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

Looking for one of [the best-performing stocks](#) on the **TSX**? Look no further than Kirkland Lake Gold. Over the past five years, its price has skyrocketed 9,228%! A \$1,000 investment in the company back in June of 2014, would be worth \$92,280 today.

In two short years, investors would have more than tripled their money as the company’s stock price has shot up by 346%. In the past year, its stock price has almost doubled (+91%).

Kirkland Lake has achieved this impressive performance at a time when the price of gold has been relatively stagnant, never breaching more than \$1,360 an ounce. It will be blue sky territory for the company once gold breaks key technical resistance.

Leagold Mining (TSX:LMC)

On the flip side, Leagold Mining has been one of the worst-performing stocks in the sector. Since going public in 2017, Leagold has lost 46% of its value. In the past year, the company's stock price has struggled to maintain any momentum and is down 3.47% as a result.

However, there is a [great value opportunity](#). Leagold is trading at only 0.80 times book value and at a 41% discount to its 52-week high of \$2.76. This is a company that has doubled gold production and reduced all-in sustaining costs from \$1,039 to \$927 per ounce all in the span of one short year.

The company has a clear path to annual production of 700,000 oz of gold by 2021, a 75% increase over today's production of approximately 400,000 ounces. Management estimates that this will lead to EBITDA more than doubling over the same period.

The best part? The projects that will drive growth are fully funded through internal resources, and there will be no need to tap the markets for additional cash.

All six analysts covering the company have a unanimous *buy* recommendation and a one-year price target of \$2.63 per share, which implies 57% upside to today's share price. Investors can expect outsized returns with this under-the-radar gold stock.

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