



Looking for Growth in a Gold Stock? Buy Newmont Goldcorp (TSX:NGT)

Description

Gold was up at the start of the month, driven by investors stampeding towards safe havens. It was then back down at the start of the week, as the market migrated back towards riskier asset classes. While this frustrated gold bulls, the understanding was that the rush to risk may be short-lived. And indeed it was. With tensions in the Middle East ratcheting up Thursday, gold soared yet again.

With a raft of geopolitical tensions pushing and pulling at safe havens and pouring money first into and then out of risky asset classes, it's going to be an interesting second half of the year for gold. Indeed, as Bart Melek, global head of commodity strategy at TD Securities, said recently, "As volatility increases and the risk of a correction in equity market increases, we're going to start seeing more significant flows of capital into the gold markets."

That's why I'm taking another look at **Newmont Goldcorp** ([TSX:NGT](#))([NYSE:NEM](#)) today. It's a solid stock that just looks better and better as this fraught year progresses, sitting on a geographically varied set of mining assets that have a lot of production potential. With the ability to gain 25% over the course of the rest of the year, [Newmont Goldcorp has the edge](#) over even its closest competitors.

The new gold standard in gold stocks

With assets spanning three continents, including what's shaping up to be the world's largest gold mining complex in Nevada, Newmont Goldcorp is on track to being "the world's leading gold business as measured by assets, prospects and people," according to CEO Gary J. Goldberg in the company's first Q1 in April. The net income loss was attributed to merger transaction costs and lower gold prices.

Indeed, Newmont Goldcorp's mixed first quarter garnered some dissent among pundits, and the share price faltered. However, it recovered quickly at the time, and the stock has since proven popular with investors every time the market takes a knock. Gold was up at the end of the week, as investors fled to safety after tensions in the Middle East increased, and Newmont Goldcorp jumped 2.8%.

This bodes well for subsequent quarters, as does the special dividend announced by Goldberg. As transaction costs are absorbed by profits, following reports are likely to be positive, while the

uncertainty in the markets that's been driving investors to low-risk assets is likely to significantly bolster Newmont Goldcorp's bottom line and lead to increased rewards for shareholders if it continues.

Another factor that is likely to lead to increased shareholder returns is a culture of streamlining within the newly merged Newmont Goldcorp. Focusing on the strongest performing assets under its belt, the top-tier gold miner will likely be selling less-important assets in the coming months and years. This will lead to a healthier balance sheet and stronger growth rates. Investors might start to expect seeing divestitures as being equal to special dividends for a while.

The bottom line

If uncertainty continues to rile the markets, investors will increasingly seek out [gold stocks with wide economic moats](#). Newmont Goldcorp, the largest of such entities, is showing all the signs of being the number one contender for growth in the precious metals space.

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