



## Is This Gold Bull Run Just Getting Started?

### Description

At the beginning of the year, I'd urged investors to [hold gold in their portfolios](#). Stock market volatility in late 2018 drove up the spot price in gold, but dovish calls from central banks and strong economic reports in the United States boosted North American markets into the late spring. However, the yellow metal held firm in the face of this rally and a strong U.S. dollar.

Anxiety returned in March after a yield curve inversion in 10-year U.S. Treasuries and 10-year Canadian bonds. At the time, I'd [suggested again that investors consider gold equities](#). U.S. Federal Reserve chairman Jerome Powell has opened the door for a rate cut after a June meeting. These comments catapulted gold to a six-year high.

Gold breaking through the \$1,350 resistance level is a great sign. Many gold-linked equities are still cheap right now. Investors are right to be skeptical, but there are several bullish signs for gold as we look ahead to the second half of 2019. A July rate cut from the U.S. Fed could set the yellow metal up for a huge year.

With that in mind, let's look at two gold equities that would benefit from a sustained bull run in the spot price.

### Barrick Gold

**Barrick Gold** ([TSX:ABX](#))(NYSE:GOLD) is one of the two largest gold miners in the world, currently neck in neck with **Newmont Goldcorp**. Barrick boasts the coveted "GOLD" ticker. Shares of Barrick have climbed 11.8% in 2019 as of close on June 21. The last time spot prices sustained levels above \$1,400, Barrick stock was priced above the \$30 mark. Investors will want to watch action on the spot price closely this summer.

Barrick is worth betting on in a bullish gold environment considering its massive production output. Profit was down in the first quarter, but earnings were skewed due to its acquisition of Randgold Resources. Revenue grew to \$2.09 billion compared to \$1.79 billion in the prior year. Barrick reported first-quarter sales of 1.37 million ounces of gold and production that equalled that tally.

Shares of Barrick have surged 26% month over month. The stock has an RSI of 84, which puts it in technically overbought territory.

## Yamana Gold

**Yamana Gold** ([TSX:YRI](#))([NYSE:AUY](#)) is one of the largest Canadian gold producers. Shares of Yamana have been static in 2019. The company has suffered from disappointing earnings in recent years. Like other producers, Yamana will inevitably benefit if gold can sustain higher prices. The stock has climbed 24% over the past month.

The company released its first-quarter 2019 results on May 1. It achieved gold-equivalent ounces production of 271,987 in Q1 2019. Yamana reported adjusted profit of \$24 million, or \$0.02 per share, in the quarter. The company had already projected that its financial position would improve over this year. Higher-than-expected spot prices will go a long way to improving its balance sheet and its profitability.

Like Barrick, Yamana stock has quickly climbed into technically oversold territory due to this rally. The stock had an RSI of 71 as of close on June 21.

### CATEGORY

1. Investing
2. Metals and Mining Stocks

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