



This Stock Is a Red-Hot Buy for Gold Bulls Right Now

Description

If there's one thing the last few weeks have shown investors, it's that [the stage is set for a bull market for gold](#). With stockholders turning to safe havens at the start of June amid a perfect storm of market stressors, low risk asset classes such as gold saw an influx of investment.

That's why I'll be taking another look at **Barrick Gold** ([TSX:ABX](#))(NYSE:GOLD) today to see what's improved about this stock lately, and whether it's one for new investors looking for precious metal and mining stocks on the **TSX** to buy and hold.

U.S. rate cut comments have sent gold through the roof

Let's start off by looking at what Barrick Gold has done right in the last few years. Some investors in the mining space may remember Barrick Gold for the poor balance sheet it once boasted. However, since 2012, the precious metals miner has reduced its debt by a massive 70%. If it can sell its non-essential assets over the next few years and focus on profitability, this debt ratio could be reduced even further.

A solid Q1 gives new investors something to work with: both revenue and earnings before interest, taxes, depreciation, and amortization (EBITDA) hit a two-year high, with the overall results including the most positives since 2015. Not only that, but gold is finally rising at an appreciable rate, and entering a bull market, and you have a very good list of reasons to buy shares in Barrick Gold at the moment.

Discussing its Q1, CEO Mark Bristow explained why investors should go long on Barrick Gold: "The stakeholders who will reap our rewards are those who share our long-term vision and invest in or work with us as partners and that's really our commitment. And, in fact, this industry needs that to be able to recover its rightful place and become relevant again as an industry you can invest in."

What other hidden factors may drive Barrick Gold higher?

Looking back to the end of May, it's possible to see a direct correlation between ratcheting trade tensions – not only between the U.S. and China, but also between the U.S. and Mexico – and a flight to quality. Safe havens were suddenly gaining more traction despite actual commodities grinding lower. Fast forward to the start of June and commodities started to rise, with gold back up, and oil prices rising because of both relief and bottlenecking.

Now we see the U.S. Federal Reserve announcing a rate cut, which has [long-lasting implications for gold](#). The most obvious is that a weakened American dollar ensures that gold is cheaper when bought with foreign currencies, while other asset classes in the U.S. will begin to yield comparatively lower returns. Against a backdrop of geopolitical tension in the Middle East and a destabilizing Europe, these are perfect conditions for a gold enthusiast.

The bottom line

Investors should be adding gold to their holdings right now, and what better stock than Barrick Gold for high-quality exposure? With its high debt days firmly behind it, Barrick Gold is in the right place for a long-term position offering a classic safe haven for canny investors.

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