



2 Gold Stocks to Buy This Summer

Description

When this year started, I'd suggested that investors stack [gold equities in their portfolios](#). Gold jumped to a six-year high in June, with a slumping U.S. dollar and the promise of monetary easing in the developed world providing tailwinds.

Bitcoin and many of the top cryptocurrencies have also emerged as popular alternatives in 2019, after what was a less-than-stellar 2018. However, Bitcoin has dropped sharply after comments by U.S. President Donald Trump and his Treasury Secretary Steven Mnuchin. The pullback may be temporary for Bitcoin, but [I still prefer gold](#) going forward, as central banks look to counter slowing growth with another round of monetary easing.

The world will be watching in late July as the U.S. Federal Reserve prepares to release its decision on interest rates. All signs are pointing to a cut at the end of this month. The promise of dovish central banks is bullish for the yellow metal. With that in mind, below are two of my favourite gold stocks to target this summer.

Yamana Gold

Yamana Gold ([TSX:YRI](#))([NYSE:AUY](#)) has been a consistent disappointment over the past three years. The slump in gold prices from late 2015 onward was damaging, but disappointing earnings were the key driver in its poor performance. Favourable spot prices have failed to generate the kind of momentum investors would like to see from Yamana. The stock has only climbed 6% in 2019 as of close on July 16.

Yamana released promising preliminary operational results for its second quarter 2019. It anticipates free cash flow to hit positive territory in the second quarter and has reaffirmed total GEO production of over one million ounces. Higher spot prices will be huge for Yamana in the second half of 2019 and perhaps beyond if gold can sustain its floor.

This company is not a top end choice when it comes to gold equities, but it still boasts nice production. I like Yamana's growth potential if this gold bull is able to press forward.

Argonaut Gold

Argonaut Gold ([TSX:AR](#)) is a smaller producer that is intriguing after the run-up in the spot price of gold. Shares of Argonaut have climbed 26.9% in 2019 as of close on July 16. The company boasts good reserves and a nice operating track record. Argonaut is forecasting stable production into 2021 and has a solid development pipeline, including projects in San Antonio and Cerro de Gallo.

Even with these positives, Argonaut stock has struggled to stay above the \$2 price point. The stock had a price-to-earnings ratio of 16 at the time of this writing, which puts it in favourable territory relative to industry peers. Argonaut is a tasty target at its current price point and should be considered a high-value play for investors who are looking for gold exposure in an increasingly bullish environment. Of the two equities we have covered today, Argonaut is my top pick.

The U.S. Fed decision later this month will be big for gold. We may see gold price in the cut in the lead up to the crucial meeting, which is why investors should prepare their play ahead of August.

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1. Investing
2. Metals and Mining Stocks

POST TAG

1. Editor's Choice

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2. TSX:AR (Argonaut Gold Inc.)
3. TSX:YRI (Yamana Gold)

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