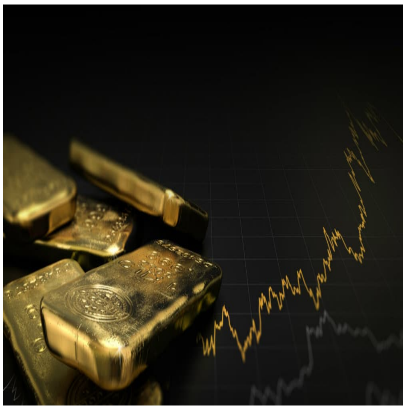

1 Top Stock to Hold as Gold Breaks Out

Description

Though gold popped last week as investors continued to seek safe havens, it's been a disappointing start to the week for the precious metal, which just hit a six-year high. However, with any number of market stressors circling the financial landscape, traders looking for short-term upside may soon have opportunities to cash in aplenty. Meanwhile, long-range investors have at least one very promising dividend-paying option to mull over.

A gold bull run is still on the way

The stock in question is **Barrick Gold** (TSX:ABX)(NYSE:GOLD). Paying a modest but not unwelcome yield of 1.02%, Barrick Gold is a favourite of the gold pundits who have been comparing it favourably with that other mining giant, the newly merged **Newmont Goldcorp** (TSX:NGT)(NYSE:NEM). In terms of high-grade reserves, the argument goes, Barrick Gold's reserves and resources outstrip those of the latter company, which could lead to long-term lower production costs.

While Newmont Goldcorp pays the higher dividend yield at 1.47%, the perceived competitive advantage of Barrick Gold's larger volume of higher-grade resources may be the element that tips the scale in favour of Barrick Gold. In other respects, Newmont Goldcorp appears the more competitive stock: aside from its higher dividend yield, it also boasts a larger market cap, greater reserves, and higher annual gold production.

High-grade reserves and a windfall add up to a buy

In summary, Barrick Gold has the greater volume of high-grade reserves after the Rangold acquisition. The company also just got a nice little share price bump this week after its joint venture with Antofagasta PLC was awarded a payout over a mining lease dispute in Pakistan. The World Bank ordered the country to cough up a cool US$5.4 billion in damages to the jointly operated Tethyan Copper Company.

Whether an investor plumps for Barrick Gold or Newmont Goldcorp today, the consensus still points towards a gold bull run during the remainder of the year and a positive long-term outlook. Prices could hit US$1,500 an ounce next year, with considerable upside later in 2019. However, the long-term option is perhaps the most compelling, with super-miners like Newmont Goldcorp and post-Rangold merger Barrick Gold likely to keep growing.

Now that the general opinion has swung around from bearishness to a bull mentality, with gold prices touching US$1,400 — unseen since six years ago — the stage is being set for an extremely lucrative period in the precious metals space. Throw in the ongoing round of geopolitical tensions and the Sino-American trade war, and you have a perfect storm just right for gold investors both seasoned and new.

The bottom line

Investors seeking a safe haven in times of widespread economic fear are always going to find a solid option in gold, with the commodity an excellent way to diversify a portfolio laden with banks and utilities. While there is a range of high-quality precious metal miners out there to choose from, either of the two newly amalgamated mega-miners would be strong options, with Barrick Gold arguably the favourite for a long position in a classically defensive, low-risk asset.

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