



Gold Is Now the World's Strongest Currency and These 3 Mining Stocks Are on Fire!

Description

Gold bullion has long been viewed as a valuable “alternative currency.”

In some cases, investors will look to gold as an asset class uncorrelated to economic activity.

Meanwhile, others may view gold as a viable defence against a perceived weakness in fiat currencies — the result of overly accommodative monetary policies on the part of central banks, which “bears” argue threaten to disrupt or even upend the stability of our financial system.

Because the price of gold gets quoted in American dollars, when the value of the U.S. greenback falls in value, the natural response is that the value of an ounce of gold bullion should rise commensurately as a result.

The result is that when the U.S. dollar is viewed as being “weak,” gold is conversely seeing as having strong relative value, which isn’t inconsistent with either of the aforementioned two arguments in favour of gold as an investment.

But what’s unique about what we’re seeing in gold markets today is that not only is gold rising in relative value against the value of the U.S. greenback, but it’s rising relative to the value of virtually every other major currency as well.

That may or may not speak to how investors are currently feeling about their outlook towards the market, but it has certainly helped by providing a lift to the share prices of several TSX listed gold stocks.

Take, for example, a company like **Kirkland Lake Gold**. Kirkland Lake’s been [on a roll of late](#); there’s no question about it.

KL stock is up another 69% so far in 2019, following on the heels of gains of 85% in 2018 and 175% in 2017 thanks to a combination of growing production output coupled with declining operating costs.

Then there's a company like **Eldorado Gold** ([TSX:ELD](#))([NYSE:EGO](#)).

Eldorado Gold stock is up whopping 164% so far in 2019, if you can believe it (and you should). When it comes to deep value, it would be hard to find anything of deeper value than ELD on the TSX these days. The stock trades at just a little more than a third of its reported book value — a favourite metric of value used by contrarian investors.

However, management at Eldorado will need to resist the urge to exploit the latest run up in gold prices and stick to their original plan of getting their [over-extended balance sheet](#) back in order.

Detour Gold (TSX:DGC), not unlike ELD, is another gold company that's managed to get itself into a little trouble in the wake of lower gold and commodity prices that have persisted going back for several years now.

Yet the company has more recently responded in kind by making big investments aimed at reorganizing its business model in order to be more shareholder friendly, including the naming of a new CEO and the addition of several new members to its leadership team.

At least so far, the plan appears to be working. DGC stock is already up more than 56% year-to-date in 2019.

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2. Metals and Mining Stocks

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1. Editor's Choice

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