



2 Stocks to Hold in This Choppy Market

Description

The rate cut from the United States Federal Reserve last week failed to generate positive momentum for gold as chairman Jerome Powell hinted that future monetary easing was not guaranteed.

Gold bulls would not have to wait long for a spark. The Trump administration announced additional tariffs on China the day after, which drove investors back into precious metals. Beijing weakened its currency on Monday, bringing on another rush into the traditional safe havens.

When this year started, I'd suggested that investors [should hold gold equities](#) in their portfolio. In late March, the yield curve inversion served as [another solid signal](#) that a big bull run may be on the way for gold.

Fast forward to this week and the spot price of gold has soared to a six-year high. Bullish signs are building for the yellow metal as we move into the final quarter of 2019.

With that in mind, today I want to look at two gold equities that have thrived in these volatile conditions.

Kinross

Kinross ([TSX:K](#))([NYSE:KGC](#)) stock was up 5.3% in mid-afternoon trading on August 6. Shares have surged 47% over the past three months. The company released its second-quarter results on July 31.

It revealed that it was on track to meet its 2019 production guidance. Kinross' three largest producing mines achieved the lowest costs in its portfolio.

Adjusted net earnings grew to \$79.6 million or \$0.06 per share compared to \$37.8 million or \$0.03 per share in the prior year. The average realized gold price per ounce was \$1,307 per ounce, only up \$1 from the \$1,306 per ounce price in Q2 2018.

Gold has established a solid floor since the late spring. Kinross and other miners should be big beneficiaries of its price increase.

The stock had an RSI of 75 at the time of this writing, putting Kinross in technically overbought territory. While it may seem pricey today, Kinross has posted solid results and looks poised to thrive with the spot price of gold on a big run.

Yamana Gold

Yamana Gold ([TSX:YRI](#))([NYSE:AUY](#)) stock was up 8.5% in mid-afternoon trading. The stock has jumped 51% over the past three months. Yamana had been plagued by disappointing earnings over the past few years. A surge in the spot price of gold seems to be just what was needed to give the share price a jolt.

Its second-quarter earnings release was a diversion from its previous disappointments. The company reported a 7% year-over-year increase in GEO production to 257,556.

Free cash flow before dividends and debt repayments climbed to \$51.2 million compared to negative \$41.7 million in the prior year. It decreased its net debt by \$13.1 million.

Yamana put together this quarter with an average realized gold price per ounce of \$1,307, up from the \$1,304 per ounce price realized in Q2 2018. Yamana has had its struggles, but it is still a heavyweight gold producer and well positioned to see improved results during this bull run.

Shares had an RSI of 78 at the time of this writing, putting Yamana in technically overbought territory. Gold equities are scorching right now, and I'm not convinced that we have come close to the peak. I still like Yamana in early August.

CATEGORY

1. Investing
2. Metals and Mining Stocks

TICKERS GLOBAL

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2. NYSE:KGC (Kinross Gold Corporation)
3. TSX:K (Kinross Gold Corporation)
4. TSX:YRI (Yamana Gold)

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