



2 Stocks to Profit from Gold's Rally

Description

The price of gold has increased around 20% already this year, and the gold environment continues to strengthen each day. The U.S. and China still haven't sorted out their trade issues, and despite encouraging comments by both sides at times, I don't expect it to be resolved any time soon.

Furthermore, the shift of global central banks to provide more stimulus by lowering interest rates will be fueling gold's growth in the near term. Canadian Investors may even see the Bank of Canada move to lower rates soon, whether it's at the meeting in September or after the [election](#) in October.

Since it's expected that the bullish gold environment will be extended, investors can buy gold stocks today without the fear of possibly being too late to the sector.

Two stocks to consider with significant torque to the price of gold are **Kirkland Lake Gold** (TSX:KL)(NYSE:KL) and **Equinox Gold** ([TSX:EQX](#)).

Kirkland Lake

Kirkland Lake is one of the best gold mining companies, with operations in Canada and Australia. It has been significantly growing the last few years and has plans to continue to ramp up production for at least the next three years. Its earnings have been impressive so far this year, which is why it's no surprise the stock is up roughly 80% year to date.

In the second quarter, Kirkland Lake produced more than 214,000 ounces, a 30% increase in production from the same quarter in 2018. All-in sales cost (AISC) in the quarter was extremely low at just \$638 an ounce.

Adjusted net earnings per share for the quarter was \$0.50, up 66% from the year prior, and operating cash flow per share was \$0.88. Earnings before interest, taxes, depreciation, and amortization increased 50% in 2019 to nearly \$186 million, and revenue gained 31% from 2018 to more than \$280 million.

For the first half of the year, [Kirkland Lake](#) produced roughly 446,000 ounces with AISC of \$597. Adjusted net earnings per share for the first half of the year was \$1.04 — an 88% jump from 2018, and operating cash flow per share came in at \$1.68.

The impressive earnings have allowed it to increase its cash position while also internally funding its growth projects. It's also been increasing dividends and buying back shares. Over the last 12 months, Kirkland Lake increased its dividend by 33%.

Equinox

Equinox is a relatively new gold miner that just began production last year with assets in California and Brazil. Since it's still so new, Equinox offers investors a ton of growth, as it doesn't even have all its mines up and running yet.

Its Mesquite Gold mine in California commenced production in the fourth quarter of 2018, and the Castle Mountain mine — also in California — is expected to begin production in 2020. Its Aurizona mine in Brazil commenced production in the second quarter of this year.

At the Mesquite mine, for the first six months of this year, the company produced over 52,000 ounces at AISCs of \$907. It did over \$70 million in revenue and nearly \$20 million in earnings for the mine.

At the Aurizona mine, the company poured its first gold on May 14. By the end of the quarter, it had produced over 7,000 ounces. Equinox also updated guidance for the mine, expecting to do between 75,000 and 90,000 ounces at AISCs of \$950-\$1,025.

It's planning on beginning construction on its Castle Mountain mine in the second half of this year. Castle Mountain has an initial mine life of 16 years and an estimated 3.6 million ounces in gold reserves.

The stock is up about 60% so far year to date and should continue to gain, as the company brings more production on and as the price of gold continues to rise.

Bottom line

Gold stocks are ideal to hold when the market is so uncertain, as they can provide stability and even growth as the rest of your portfolio lags.

For long-term investors, it's just as important to buy gold stocks as it is to make sure your portfolio doesn't have too much risk in it. When uncertainty like this creeps into the market, it's a good time for investors to check their holdings for any stocks that may be a liability to the rest of the portfolio.

CATEGORY

1. Investing
2. Metals and Mining Stocks

TICKERS GLOBAL

1. TSX:EQX (Equinox Gold Corp.)

PARTNER-FEEDS

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