



Better Gold Bet: Barrick (TSX:ABX) or Newmont Goldcorp (TSX:NGT)?

Description

Gold has been on a tear lately. With North America on the verge of a recession and the price of gold surpassing the US\$1400 mark last month, investors are starting to seriously consider it's a good time to get in on gold ahead of a downturn.

There are plenty of reasons to consider this as an option. Gold has traditionally been the way investors have chosen to protect their investments during an economic downturn. The price of gold has also been incredibly low for the last few years.

After hitting about US\$2,400 back in 2011, the price continued to drop until it reached a low of about US\$1,100 in 2016. After rallying a bit, the price seemed to become stagnant around US\$1,400 — that is, until this year.

Now analysts believe the price will continue to soar, and it already has. As of writing, the price of gold has surpassed the US\$1,500 mark and hasn't showed too many signs of slowing down. In fact, some analysts predict it could reach US\$3,000 by 2030.

If you're looking to buy up some gold stocks, you'll probably come across these two heavyweights first: **Barrick Gold Corp.** ([TSX:ABX](#))([NYSE:GOLD](#)) and **Newmont Goldcorp Corp.** ([TSX:NGT](#))([NYSE:NEM](#)). Let's see which one is the better bet ahead of the gold rush.

Barrick

After slumping along with the price of gold, Barrick shares have seen a surge in the last few months. Year to date, the [stock is up](#) almost 40% as of writing, and not all of this is due to the price of gold.

Barrick is the largest gold mining company in the world, and last quarter finally returned to profitability, reporting profit of US\$194 million for the quarter compared to a loss of US\$94 million the same time last year.

Meanwhile, the company's production hasn't slowed one iota, with the company expecting to reach the

top end of its 2019 forecast while also bringing down costs.

If analysts are right and the price of gold is going to continue soaring, Barrick is in for a strong ride to the top. As production, cuts, profits, and gold prices continue to increase, investors should be able to expect shares of this company to continue right along too.

Newmont

After the merger of Newmont and Goldcorp earlier this year, the [newly founded](#) company has taken a top spot right along with Barrick for gold production. In fact, looking at market capitalization, Newmont and Barrick are pretty much tied for the top gold company.

The mining company now has assets in nine different countries, producing about 7.4 million ounces per year as of 2018. That should only be the beginning after this merger, with the company continuing to seek growth via acquisition.

There's plenty of cash to help Newmont to achieve this goal, as both Newmont and Goldcorp were already cost-efficient companies before the merger. Any leftover cash will then be used for further exploration of areas that smaller companies just cannot afford to consider

Again, as gold prices continue to soar so should the stock price of this company. While there isn't much to go on, shares are already up about 20% since its initial public offering (IPO) as of writing.

Better buy?

If I'm choosing one stock to ride the gold wave, it will be Barrick. The company has proven it can cut back on costs and reap the profits, and it's growing at a time when gold is in demand. However, if the price of gold slumps, Barrick likely will fall back again.

According to analysts, this doesn't look likely, but it's definitely something to consider. Meanwhile, Newmont wouldn't be immune to a fall either, and the company still has to grow a bit to prove it can beat out Barrick.

For now, I'd stick with what you know, rather than what you don't — and that's why Barrick is a better buy today.

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Date

2025/07/22

Date Created

2019/09/07

Author

alegatewolfe

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