



Which TSX Gold Stock Is Your Best Bet for a Recession?

Description

If history is any indication, we are long overdue for a recession. According to a recent PBS News story, the North American economy has been expanding for approximately 121 months, which beats the prior record of 120 months (from 1991 to 2001) by a month.

With the average economic expansion lasting about 58 months, the current one is running way longer than historical averages.

Although such a string of good luck might leave you feeling optimistic, it could actually be cause for concern. What goes up must come down eventually, and the current expansion has been defying gravity for a long time. Economists seem to agree, with 35% calling for a recession in the next 12 months, according to Bloomberg.

Whether or not a recession is coming, it would be wise to prepare your portfolio for one. After all, there will be a downturn eventually, and when it happens, you don't want to be caught unprepared.

If you're among those who [think gold is the best protection for recessions](#), there is one TSX stock that stands out above the rest.

Kirkland Lake Gold

Kirkland Lake Gold Ltd (TSX:KL)(NYSE:KL) is a TSX gold stock that has been beating the pants off the market in recent years. Despite a dramatic selloff last week, it's up 136% over a 52-week period.

In its short history, Kirkland Lake Gold has benefited from rising gold prices, increased production, and falling costs. The more the price of gold rises, the more money gold miners make (assuming costs stay the same), and with gold up 24% over the past year, KL is naturally reaping the benefits.

The company is also ramping up production, having mined 212,000 ounces in its most recent quarter, compared to just 31,000 in the same quarter of 2014. Finally, the company is also [lowering its costs](#), with the price to produce one ounce falling 29% in the most recent quarter.

Why it's better than other gold stocks

The facts listed above make Kirkland Lake Gold a quality gold miner that is likely perform well. However, those facts alone do not make Kirkland Lake better than other gold stocks.

Many of Kirkland Lake's larger competitors mine far more gold than it does, with **Barrick Gold** having mined 1.3 million ounces in its most recent quarter.

What makes Kirkland Lake better than such stocks is its balance sheet. Whereas Barrick and other large gold miners leveraged themselves to the hilt in the 2011 gold bull, Kirkland Lake avoided doing so.

As a result, it lacks the financial problems plaguing its larger competitors. With \$2 billion in assets to just \$500 million in liabilities, Kirkland Lake doesn't have to worry about interest payments as much as some of the bigger gold miners do, leaving it free to pump out cash flow like a fountain.

What does the future have in store?

The big question mark hanging over Kirkland Lake—like all gold stocks—is what will happen to the price of gold. Although the company is doing an incredible job of mining ever more gold and ever lower costs, a steep slide in the price of the commodity could stop earnings growth in its tracks.

On the other hand, because its operations are so lean, this company could continue growing in an environment in which gold trades flat, making it one of the safest gold plays around.

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