



This Gold Stock Can Give You a 2% Yield in 1 Month!

Description

With the way the world is going, everyone should own some gold stocks. Unfortunately, if you are an income investor, these companies tend to pay very low yields. Fortunately, there is a way that you can get a great yield while holding onto an excellent company.

With all the companies in the sector, however, it can be difficult to find the right one to hold. My personal favourite gold producer in the space is **Agnico-Eagle Mines** ([TSX:AEM](#))([NYSE:AEM](#)). Agnico has a corporate strategy, which, in my opinion, makes it easily the best company to own as a core position in the sector.

Agnico-Eagle has a market capitalization at current share prices of around \$18 billion, so investors certainly regard it as a go-to name in the space. A company of this size tends to attract more institutional and international investors because of the greater liquidity than what you might find with a smaller, more speculative name.

One of my favourite [reasons to own](#) this stock is its geographic footprint. The majority of Agnico's mines are in North America, with several in Canada and the United States. Normally, I would consider geographic diversification to be a positive aspect of a company's business profile. But the reason you buy gold is essentially to act as disaster insurance. Therefore, keeping gold close to home insulates earnings from geopolitical risks should they begin to manifest more negatively in the future.

Agnico has a reputation as being an efficient gold producer, and that certainly showed up in Q3 2019. The company announced a number of positive developments that helped propel the share price higher.

First and foremost was its return to free cash flow generation. Since 2017, free cash flow has been impacted by a massive capital-spending program focused on building two new mines in Nunavut. With the mines completed and coming online, substantial free cash flow began to be initiated.

Another positive element was the [record quarterly](#) gold production Agnico reported in the third quarter. Payable gold production was 476,937 ounces, which significantly and positively impacted the company's third-quarter results.

With a return to free cash flow, increased production, and higher gold prices, the company was able to increase its dividend. The dividend now sits at about 1.22% at the time of this writing after being increased by 40%. While this is not a huge dividend, it is encouraging that the company has decided to raise its dividend by such a significant amount. Usually, companies do not like to hand out cash to shareholders if there are any projected difficulties on the horizon.

The Foolish takeaway

With the global political uncertainty, indebted nations, and bubble-forming conditions threatening financial markets, investors need to own some gold. Agnico-Eagle is a relatively safe way to invest in gold production, with its yield adding more appeal to the stock. Even at current prices, I believe now is a good time to continue to own gold stocks, so add some shares of this producer today.

CATEGORY

1. Dividend Stocks
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1. Editor's Choice

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