



Buy These 2 Top Gold Stocks to Beat the Next Recession

Description

Up 10% in the last five days as gold explodes by 25% to smash a seven-year record, **Newmont** ([TSX:NGT](#))([NYSE:NEM](#)) is one hot stock. Breaking out since the headline-generating merger last year that propelled Newmont into the spotlight, this stock has generated a massive 48% share price appreciation in the last 12 months. And with 2020 looking like gold's year, this trend may well continue.

Newmont's 1.2% dividend yield may not be entirely unique; after all, other mining stocks dish out passive income to their shareholders. However, after rebranding and hiking its dividend, the streamlining gold producer is a solid buy.

Investors employing a value strategy may be unaware that despite all the headlines, Newmont is still good value for money, selling at around half its future cash flow value.

Another gold stock to consider snapping up as the yellow metal breaks out is **Kirkland Lake Gold** (TSX:KL)(NYSE:KL). Another gold producer that pays a dividend, Kirkland belongs in the class of [defensive passive income stocks](#) that offer portfolio protection against a market downturn. Kirkland's dividend is much lower than Newmont's at just 0.63%, but that passive income will accumulate over the years.

Coming in at fourth place in last year's first **TSX 30**, Kirkland had leapt by more than 600% since 2016, more than qualifying it for the [inaugural Canadian stock showcase](#).

While that momentum has since slowed, the Ontarian gold miner is still hot, with earnings up 120% in the past 12 months. Its track record and balance sheet are outstanding, and shareholders could see over 300% returns in just three years.

While its share price hasn't matched the three-year growth that saw the miner added to the TSX 30 – the stock is just about positive but lacking any momentum over the past year – the company is still growing through acquisitions that could boost both efficiency and production. The trend in consolidation is seeing the gold sector becoming dominated by the rise of mega-miners.

One of the most intriguing of the latest round of potential acquisitions is that of **Detour**. Its purchase by

Kirkland would be significant for the latter miner and help to solidify its economic moat as a senior gold producer while also providing key synergies.

While improving Kirkland's financial health and increasing its reserves base, the Detour acquisition would raise its profile and improve shareholder value.

This value aspect is key, as gold investors are increasingly looking for cost efficiency in miners. The gold sector is seeking an uptick in mergers – just look at Newmont and **Goldcorp** last year, as well as **Barrick** and Rangold – driving investment and replacing older resources. With consolidation and rising gold prices comes an improved outlook, therefore, and an ever-strengthening investment thesis.

The bottom line

Both Newmont and Kirkland have seen their earnings get a boost lately as gold prices have surged, and there is no reason to suggest that this trend won't continue if market forces remain broadly unchanged for the rest of the year.

However the market performs, these passive income gold stocks pack tried-and-tested protection likely to withstand the next recession.

CATEGORY

1. Dividend Stocks
2. Investing
3. Metals and Mining Stocks
4. Stocks for Beginners

TICKERS GLOBAL

1. NYSE:NEM (Newmont Mining Corporation)
2. TSX:NGT (Newmont Mining Corporation)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Dividend Stocks
2. Investing
3. Metals and Mining Stocks
4. Stocks for Beginners

Date

2025/07/22

Date Created

2020/02/23
Author
vhetherington

default watermark

default watermark