2 Gold Stocks Surpassing Pre-Market Crash Levels

Description

Analysts have been saying it for practically a year. With the possibility of a recession on the way, gold is one of the safest places that investors can put their money.

During the past year alone, the price of gold has sky rocketed, but investors were disappointed to see that during that time gold prices remained steady, but weren't all that exciting.

Until recently.

With the COVID-19 pandemic and the oil and gas industry taking a hit on the markets, investors are now flocking to gold. Since October 2018, the price of gold has jumped from around $1,500 to today's price of almost $2,200 as of writing. Since the beginning of the year, when the COVID-19 pandemic started to get traction, the price has risen by almost 9%.

But not all stocks are created equal. When it comes to buying up gold stocks, usually the bigger the stock the better. So let's look at how the two gold giants are doing during this economic downturn.

Barrick

Barrick Gold Corp. (TSX:ABX)(NYSE:GOLD) has been an investor favourite over the last few years due to the company's recent expansion from its already huge presence. The company is the world's second-largest gold mining company, with mines in 15 countries across five continents.

Barrick has been doing well in this turbulent market, with the company producing 5.5 million ounces of gold in 2019, sustaining all-in costs of $894 per ounce.

The company had 71 million ounces of proven and probably gold reserves as of the end of 2019, and analysts predict Barrick could reach company sales of $11.2 billion by the end of 2022.

The stock dropped by 25% from its highest point this year of around $28 per share, and has since risen by about 19%. Numbers like these haven't been seen since July 2016, and could be headed towards the all-time highs back in 2011, when shares were almost double today's numbers.

Newmont

Whereas Barrick is in the number two spot, **Newmont Goldcorp Corp.** (TSX:NGT)(NYSE:NEM) currently holds the top spot for the world's largest gold mining corporation. This was helped along by the company's recent acquisition of Goldcorp last year for $10 billion, meaning that Newmont is in the process of some major expansion projects.

In fact, whereas analysts believe that Barrick is fairly valued at the moment, those same analysts believe Newmont is currently undervalued despite trading near all-time highs of around $63 per share as of writing.

The company has pumped out a series of strong earnings reports, and expects gold production for 2020 to be 6.4 million ounces, up from 6.3 million ounces recorded in 2019. Those numbers could soar higher as the company looks to pursue expansion in Australia and Africa.

Again, the stock may have dropped recently by about 21%, albeit it bounced back up almost immediately by 16% to where it is as of writing. Since its initial public offering back in April 2019, the stock has gained 48%, with analysts believing this stock only has more growth in its future.

Bottom line

While it can seem counter-intuitive to buy stocks nearing pre-market crash levels, in the case of Barrick and Newmont, I would highly recommend these stocks.

After doing your own research, you should see that each stock has a strong history of growth, and a promising future of expansion.

Couple that with the recent economic climate and gold seems to be the safest place to hide your cash until the markets cool off.

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