



Here's What's Next for Gold Stocks

Description

The coronavirus has hit the world in a way nobody could have ever expected. Economies have been shut down, throwing millions of people put out of work and forcing governments to act quickly to try to minimize the impact. One **TSX** industry that will see a big impact from this is gold stocks.

There isn't much that a lot of these governments can do. Plus, it's unprecedented that so many people lose their jobs all at once. The response from many countries around the world has therefore been to print money.

And while you can't fault governments for printing money to do what's best for the public, printing mass sums of money does have its consequences.

One of the main things that happens is the debasement of currencies, which makes assets like gold extremely attractive.

TSX gold stocks

I've written before about the prospects for [gold in this environment](#), and thus far, as is typical in a normal gold cycle, the majors have led the way.

Barrick Gold Corp, for example, is already up more than 50% in 2020 — and that's even after it partially sold off as the market was crashing in March.

Barrick is one of the world's largest gold producers and an investor favourite in the gold space, so it's no surprise that as investors have looked to gold equities, [Barrick](#) is one of the stocks getting the most love.

However, as the larger gold stocks continue to outperform, it's leaving considerable room for the smaller producers to catch up.

Gold prices will be the real catalyst for all these stocks, and as that continues to grow toward its all-

time high, smaller gold stocks will be set to skyrocket.

Gold stock to buy today

One stock that looks exceptionally attractive today is **Kinross Gold Corp** ([TSX:K](#))([NYSE:KGC](#)). Kinross is a large-cap gold producer with assets in Russia, Africa, Chile, Brazil, and the United States.

Although it's considered a large-cap stock, it's still significantly smaller — and therefore more volatile than Barrick.

The company is a low-cost producer, so it sees a considerable benefit to sales from higher gold prices.

In the first quarter of 2020, Kinross sold 8% less gold than it did in 2019. Despite 8% less volume, the average price of gold was up 21%, so Kinross saw an increase in revenue of 13% for the quarter.

In addition to the increase in revenue, Kinross also saw a 13% increase in gross margin and a 53% increase in net income, which goes to show that Kinross' low-cost structure has significant potential as gold prices are rising.

The stock saw an average realized gold price of \$1258, \$1269, and \$1393 in 2017, 2018, and 2019, respectively. While this is significant growth over the last few years, it's nothing in comparison to the growth companies expect to see this year.

Gold is already around \$1,700 this year and expected to continue to increase higher, so low-cost producers like Kinross are in for a huge tailwind over the next few years.

So far, year-to-date Kinross is up nearly 60%, while gold is up roughly 12%. This is considerable leverage from Kinross, indicating an attractive gold stock for the company.

Bottom line

Many investors and analysts believe this is the perfect environment for gold, rendering gold stocks one of the highest-potential investments you can make today.

Not only is gold a safe-haven asset where your capital will be protected, but in this environment, you can also expect major gains.

CATEGORY

1. Investing
2. Metals and Mining Stocks

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1. NYSE:KGC (Kinross Gold Corporation)
2. TSX:K (Kinross Gold Corporation)

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