



COVID-19 Investing: 2 Red-Hot Gold Stocks to Own

Description

Before the New Year, I'd discussed why gold was my [favoured bet over Bitcoin](#) for 2020. At the time, there were several positive trends for the yellow metal. However, no one could have predicted the impact a global pandemic could have on precious metals this year. The spot price of gold per ounce managed to surge to a seven-year high in 2020. Gold stocks have predictably performed well. The scary thing is the gold price rally may just be getting started.

Gold stocks have caught fire in 2020

The spot price of gold gained momentum in 2019, but many gold miners failed to follow suit. Investors have continued to be skeptical when it comes to the yellow metal. This should come as no surprise considering its volatility since coming out of the 2007-2008 financial crisis.

In February, I'd recommended gold stocks, as [COVID-19 fears](#) pushed the spot price of gold even higher. Countries in Europe and North America are pursuing a gradual re-opening, but the economic consequences of the lockdown are just beginning to rear their head. Markets have bounced back, but there is still unease due to this historic crisis. Gold stocks still offer investors the chance to hedge against more volatility in 2020 and beyond.

Two top stocks to keep in your portfolio

There are several ways for investors to obtain exposure to gold. Today, I want to look at two gold miners that have erupted over the past few months.

Yamana Gold ([TSX:YRI](#))([NYSE:AUY](#)) is a top Toronto-based gold producer. The company had disappointed in recent years, but it has gathered significant momentum this spring. Shares of Yamana have soared 184% year over year as of close on May 20. The stock is up 49% in 2020 so far.

The company released its first-quarter 2020 results on April 30. Adjusted net earnings climbed to \$47.2 million, or \$0.05 per share, compared to \$24.0 million, or \$0.03 per share, in the prior year. Gold

equivalent ounce production rose to 221,746, which was in line with expectations. Moreover, Yamana increased its quarterly dividend payout by 25% to \$0.0125 per share. This represents a modest 1.1% yield.

Yamana boasts a fantastic balance sheet. Better yet, the stock still possesses a favourable price-to-earnings (P/E) ratio of 19 and a price-to-book (P/B) value of 1.2.

Barrick Gold is the second-largest gold producer in the world. Its shares have climbed 131% year over year as of close on May 20. The gold stock has increased 57% in 2020 so far.

In the first quarter of 2020, Barrick Gold reported adjusted net earnings of \$285 million compared to \$184 million in Q1 2019. Free cash flow surged to \$438 million over \$146 million and net cash provided by operating activities increased to \$889 million. Gold production and costs were in line with Barrick's full-year guidance.

Barrick last paid out a quarterly dividend of \$0.07 per share, representing a 1% yield. Shares last had a P/E ratio of 11 and a P/B value of 2.2. Barrick also possesses an excellent balance sheet and attractive value in this space as we look ahead to the summer.

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