Scared of All the Money Printing? Buy These 2 Gold Stocks

Description

Money just isn’t worth what it used to be. Inflation has been eating away our purchasing power for years. Just 20 years ago, a basket of goods that cost $100 would cost almost $144 today!

In the last few months, inflation isn’t the only phenomenon reducing the value of money. As of late May, “The federal government’s latest projection of how much it will spend on direct support for Canadians to get through the COVID-19 crisis has risen to more than $152.7 billion.” That said, this relief money is needed to keep the economy going.

Of course, other than Canada, there are many more countries that are doing this. And pretty much all currencies around the world are therefore worth much less than before.

Additionally, before the COVID-19 ordeal, there was a lot of money printing to stimulate economic growth, since the last financial crisis about 12 years ago. Gold prices rose as a response.

Scared of money printing? Buy Newmont stock

Newmont (TSX:NGT)(NYSE:NEM) just dipped 20% from its high. It’s a good time to buy some shares of the large gold miner if you’re worried about money printing and money losing its value.

The company made a timely merger with Goldcorp in April 2019 before gold prices rose by about 30%. In the same year, it also developed a joint venture with **Barrick Gold**.

Today, Newmont has 12 operating mines and two joint ventures. In May, it noted that 13 of the 14 sites “will be fully operational in the coming weeks.”

Newmont President and CEO Tom Palmer stated, “Newmont’s diverse portfolio in top-tier jurisdictions provides a long-term, stable production profile with the potential to generate significant free cash flow over time.”

Specifically, Newmont expects stable production of about six million ounces per year with improving costs from 2021 to 2024. From its latest update in May, it had all-in sustaining costs of US$1,015 per ounce versus the gold price of about US$1,700.

Currently, analysts have an average 12-month price target of US$73.30 per share on Newmont stock, which represents 29% near-term upside potential. The gold stock also offers a yield of roughly 1.8% as a bonus.

Scared of your money losing its value? Buy Franco-Nevada stock

Franco-Nevada (TSX:FNV)(NYSE:FNV) stock is another quality choice to gain exposure to gold. It is primarily a gold royalty and streaming company with a large and diversified portfolio of assets.

Franco-Nevada explains that royalties are ongoing economic interests in the production or future production from a property, while streams are metal purchase agreements that provide, in exchange for an upfront deposit, the right to purchase all or a portion of one or more metals produced from a mine at a preset price.

Franco-Nevada is therefore a low-risk, high-margin business. Its balance sheet is clean with no long-term debt, and its recent net margin was 19.5%.

Franco-Nevada is a more defensive investment than Newmont should gold prices turn south.

Currently, the stock also offers a yield of about 0.7% as a bonus. It has increased its dividend for 12 consecutive years at a rate that more than doubles the rate of inflation.

The Foolish takeaway

It’s not a bad idea to have some gold exposure in one’s diversified investment portfolio, say 2-5%, amidst uncertainties such as COVID-19, trade wars, and protests, especially when the gold price remains in an upward trend.

CATEGORY

1. Dividend Stocks
2. Investing
3. Metals and Mining Stocks

TICKERS GLOBAL

1. NYSE:FNV (Franco-Nevada)
2. NYSE:NEM (Newmont Mining Corporation)
3. TSX:FNV (Franco-Nevada)
4. TSX:NGT (Newmont Mining Corporation)

PARTNER-FEEDS

1. Business Insider

2. Msn
3. Newscred
4. Sharewise

Category

1. Dividend Stocks
2. Investing
3. Metals and Mining Stocks

Date
2025/09/11
Date Created
2020/06/09
Author
kayng