



2 Gold Stocks I'd Consider Adding Today

Description

After the run-up in certain gold stocks, I decided to sell a few of my favourite names. These stocks have come back a bit, making me wonder whether I should get back in at these levels. I still see upside in gold, especially if central bankers' plans don't go as well as they should.

If anything, the drastic one-day fall on June 11 should make investors nervous about the possibility of more downside and economic instability in the coming months.

The bullish case for precious metals

The case to buy precious metals is known by most investors at the moment. Global governments are printing money at an alarming rate. Ultimately, the theory is that this will lead to inflation as money is worth less over time due to increased supply over time.

Debt is making the financial system more fragile, and people are looking for safety to preserve wealth.

However, even with the bullish outlook behind gold, that doesn't necessarily mean that gold miners are good buys at this level. While the stocks are leveraged ways to play a rise in gold prices, they aren't sure-fire wins.

Besides, the fact that everyone knows there is a bullish case for gold may mean that the upside is already in the stocks.

My two gold stocks of choice

The two best gold stocks to own, in my opinion, are **Agnico Eagle Mines Ltd.** ([TSX:AEM](#))([NYSE:AEM](#)) and **Pan American Silver Silver Corp** ([TSX:PAAS](#))([NYSE:PAAS](#)).

Both of these companies have massive operations spanning multiple jurisdictions. Agnico has mines throughout North and South America, as does Pan American. They both have operations in Canada, receiving a portion of their revenue at home.

Pan American has the largest [silver reserve base](#) globally, with 557 million ounces of silver and 5.6 million ounces of gold. Agnico has [2.7 million](#) of proven gold reserves and more that is yet to be discovered.

With prices increasing, both companies are increasing production, which will increase their earnings considerably in the coming months. Both companies benefit from a lower Canadian dollar, considering they sell their product in USD and convert to Canadian.

Dividends

Both Agnico and Pan American pay a small dividend, although you don't buy gold stocks for their yield alone. Nevertheless, the 1.2% yield offered by Agnico Eagle and the 0.77% dividend from Pan American are an excellent consolation prize while you wait for the stocks to move further.

The bottom line

I really like both of these stocks. Over the past year, they have been excellent stocks to hold. The question is whether or not they are still worth buying at this level. Their operations are good; after all, they have dividends, and there is still the possibility of uncertainty in the future.

These stocks are some of the best in the business, with limited exposure to geopolitical risks.

Much of the optimism about further profitability was built into the stock price when they shot up a few weeks ago. I sold my stocks and am looking for a chance to get back in.

The pullback gives investors a chance to build a position at a lower level. If you want to add gold to your portfolio, now is as good a time as any to start.

CATEGORY

1. Investing
2. Metals and Mining Stocks

TICKERS GLOBAL

1. NYSE:AEM (Agnico Eagle Mines Limited)
2. NYSE:PAAS (Pan American Silver)
3. TSX:AEM (Agnico Eagle Mines Limited)
4. TSX:PAAS (Pan American Silver Corp.)

PARTNER-FEEDS

1. Business Insider

2. Koyfin
3. Msn
4. Newscred
5. Sharewise
6. Yahoo CA

Category

1. Investing
2. Metals and Mining Stocks

Date

2025/08/23

Date Created

2020/06/13

Author

krisknutson

default watermark

default watermark