



## Is This the Best Gold Stock to Buy in August?

### Description

Higher gold follows risk like one foot follows the other. But this year has seen gold stocks generate a momentum that exceeds the usual rush to safe havens characteristic of a frothy market. In fact, some gold stocks have come to resemble cannabis tickers at the height of pot stock fever.

And that risk looks set to continue mounting — albeit in a dangerous, quiet kind of way. The markets are yet to factor in the [disruption potential from the U.S. election](#). And with the race for a workable vaccine heating up after Russia's Sputnik V news, volatility is sure to be an issue in coming months.

Despite this strong, sustained positive momentum, exemplary miner **Newmont** ([TSX:NGT](#))([NYSE:NEM](#)) still exhibits decent valuation relative to its sector. From a P/E of 12.7 to a P/B of 2.3, Newmont is still a good play for value in 2020.

Newmont's dividend percentage yield may not be all that impressive compared with some of the rich-yielding heavy hitters on the TSX. But Newmont's approximately 1.5% dividend is nevertheless worth the investment money. While that yield is small, it's larger than those of many of its closest competitors.

## Buying stocks for the super long term?

One thing that investors may want to keep an eye on is a company's balance sheet. This is especially true if stocks are being bought for the long term. Newmont looks solid in this regard. Its debt-to-equity ratio is suitably low at 26.3%. This makes Newmont a strong choice for investors with a lower tolerance for risk in their stock portfolios. This is also a good name to hold for moderate growth.

The [outlook for gold](#) is solid with some analysts calling for the yellow metal to hit US\$3,000. Having broken all kinds of records already in 2020, this kind of valuation might not be as ludicrous as it sounds. After all, investors are dealing with a bizarro market combining both the remnants of the longest bull run in history plus echoes of the Great Depression. This also makes gold stocks a buy for investors with narrow financial horizons.

In terms of track record and returns, Newmont will have bagged you around 80% in the past year

compared with the metals sector's average of 50%. Neither are bad returns by any means, but Newmont is clearly outperforming its own sector when it comes to rewarding investors. Looking forward, the outlook for Newmont is likely to see this trend in returns continuing into next summer.

**Barrick Gold, Franco-Nevada, Kinross Gold, Kirkland Lake Gold** — these stocks are all solid gold buys this year. But Newmont is arguably the best in terms of its all-around buying points. For its mix of decent scores in valuation, outlook, track record, dividend, and track record, Newmont is a strong buy. For investors with a focus on regular passive income, its 1.5% yield is a standout feature worthy of a place in a low-risk stock portfolio.

## CATEGORY

1. Dividend Stocks
2. Investing

## POST TAG

1. Gold

## TICKERS GLOBAL

1. NYSE:NEM (Newmont Mining Corporation)
2. TSX:NGT (Newmont Mining Corporation)

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