



This 1 Stock Could See +250% Returns by 2025

Description

Tuesday was quite the double-whammy for headline-generating news. On the same news day, Russia announced that it had beaten the world to create the first coronavirus vaccine, while Joe Biden declared his VP pick. Canadians watching after-hours movements in the Dow, S&P 500, and the NASDAQ may have noticed some interesting convection.

A few things were at play here, making it unclear at first glance just what was causing the lift in markets. Some observers cited the choice of Kamala Harris as presumptive VP, while analysts pointed to higher oil prices. While any one of the above elements arguably had the potential to move the markets, the rise in energy stocks is the smoking gun here.

A pullback in gold stocks?

Barrick Gold ([TSX:ABX](#))(NYSE:GOLD) just released its Q2, and the stock looks solid thanks to sustained higher gold prices. Investors are nevertheless looking at knocked-down shares after a +10% pullback. And this opportunity could deepen, as the markets begin to move cautiously towards risk. Indeed, there were positive moves across all major North American markets midweek, fueled by both higher oil prices and a potential light at the end of the pandemic tunnel.

Timing is everything, though. Investors could see a [further pullback in the markets](#) around the time of the U.S. election, for instance. However, this could just as easily be mitigated if the election coincides with a meaningful vaccine breakthrough. If that breakthrough comes later, though, a window of value opportunities could exist this fall. Value investors and those looking to add to positions with knocked-down shares should therefore stay alert around November and get ready to buy.

A full economic recovery could dent gold prices

Now is a good time to start trimming higher-risk stocks, and especially those that carry high valuations. Investors will need to make a judgment call [whether that includes gold stocks](#). Just as vaccine rallies offer opportunities to trim into strength, this pre-election lull is looking tailor-made for cashing in

overpriced shares. The Sputnik V announcement has lit a fire under the vaccine issue. Expect rallies and letdowns alike to be a little bit more pronounced, therefore.

With 266% total returns projected for the middle of the decade, there could be plenty of growth ahead for bold Barrick shareholders. This week's dip makes for a moderate value opportunity, down 12% post-earnings over a five-day period. Lower gold stock valuations could continue, as bullish investors reintroduce a bit of risk into their menus.

With Barrick potentially mulling a switch to the NYSE as its main listing, though, investors may feel that its links with Canada are weakening. Its dip this week also reflects the kind of wild momentum that is being driven by top gold producers in the current market. However, this is still potentially a strong play for upside should higher gold prices prove long-lasting. New investors long on gold could consider building gradually on weakness.

CATEGORY

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

TICKERS GLOBAL

1. NYSE:B (Barrick Mining)
2. TSX:ABX (Barrick Mining)

PARTNER-FEEDS

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

Category

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

Date

2025/07/01

Date Created

2020/08/13

Author

vhetherington

default watermark