



Warren Buffett Buys Barrick Gold (TSX:ABX): 2 Gold Stocks I'd Buy Now

Description

When Warren Buffett talks, [smart investors listen](#). Every year, Warren Buffett's **Berkshire Hathaway** holds its annual meeting in Omaha, Nebraska. The famed investor's influence is on full display, as approximately 40,000 shareholders gather to hear him speak.

So, when investors heard that Berkshire Hathaway opened a new position in **Barrick Gold** ([TSX:ABX](#))(NYSE:GOLD), things changed. Barrick Gold stock price rose 11% on the day that the news broke. And gold stocks in general rallied, as investors reconsider the value of gold.

Warren Buffett's purchase of Barrick Gold stock speaks volumes

Here at Motley Fool Canada, [some of us have been recommending gold stocks for some time now](#). As the world grows increasingly fearful, gold stocks play their part well. Acting as safe havens, they will protect investors from inflation. They will benefit from soaring gold prices, and they will offer peace of mind.

Without further ado, here are two gold stocks I'd buy now.

Barrick Gold stock: The go-to gold stock that Warren Buffett bought

Barrick Gold is the largest gold company in Canada by market capitalization. With a \$70.8 billion market cap, this is the stock that money managers flock to when they want exposure to gold. It is the most liquid, with the greatest ability to absorb large inflows of money.

So far, I've touched on the fact that Barrick Gold stock soared 11% on that one day. But in fact, Barrick Gold stock has been soaring well before that. In 2020, the stock is up 63.1% at the time of writing. This makes sense, as gold prices have been soaring this year. In 2020, the price of gold is up more than

31%.

For Barrick, this has meant strong earnings results, as these soaring gold prices fall to its bottom line. Adjusted second quarter 2020 net earnings per share was up 44% sequentially. Huge increases in free cash flow were reported as well. These are numbers that we're used to seeing from high-growth technology companies. It is clear that the time has come for gold stocks as fear takes hold.

Agnico-Eagle Mines stock: Warren Buffett would approve of this conservative dividend-growth machine

Agnico-Eagle Mines ([TSX:AEM](#))([NYSE:AEM](#)) is a senior Canadian gold company that trades at \$108.45 at the times of writing. It has a market capitalization of \$26.3 billion. Agnico-Eagle Mines stock has also been soaring in 2020. At the time of writing, it is up more than 35% so far in 2020.

What sets Agnico-Eagle apart from its peers is the location of its mines. They are all located in politically safe areas such as North America. This is always a great thing, but it is even more so in today's environment. Fear is rampant in the market today. The less we have to be afraid of, the better.

With that comfort, we can move on and talk about the other key item that sets Agnico apart. Agnico-Eagle's dividend has always been a resilient part of the company. It has been so even in difficult times. In the last six years, the company has increased its dividend every year.

When the gold industry was struggling a few years ago, Agnico-Eagle didn't cut its dividend. Many other gold companies did. According to management, we can expect significant growth in its dividend in the near term. The momentum in Agnico-Eagle stock is just beginning.

Motley Fool: Bottom line

It is clear to me that Warren Buffett's Berkshire Hathaway bought Barrick Gold for a good, solid reason. Gold prices are soaring, the U.S. dollar is falling, and investors are heading toward the safe haven of gold. Today, the gold trade is just beginning. I'd buy Barrick Gold stock, as it is the pulse of the gold sector. I would also buy Agnico-Eagle Mines stock, as it is a safe, unhedged company that is signalling big dividend increases ahead. Gold stocks are seeing their day in the sun again.

CATEGORY

1. Dividend Stocks
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