



Millennials: Should You Stack Gold Stocks Today?

Description

In late 2019, I'd discussed the possibility that the spot price of gold [could rise](#) above \$2,000 per ounce. Indeed, the yellow metal managed to reach this incredible milestone this past summer. The historical crisis, spurred by the [COVID-19 pandemic](#), played a key role in its rise. However, momentum has since tapered off, and it is now hovering around the \$1,900/ounce mark. Today, I want to discuss why millennials should not turn their back on gold stocks as we kick off the fall season.

Gold stocks have erupted in 2020

Millennial investors have been able to enjoy a long bull market since the 2007-2008 financial crisis. Markets have bounced back since March, but the economy is still in turmoil. Millennials may want to stash gold stocks as a hedge.

Predictably, the surge in the spot price for gold has been a huge boost for precious metals miners. **Barrick Gold** ([TSX:ABX](#))(NYSE:GOLD) is one of the largest gold miners in the world. Its shares have climbed 56% in 2020 as of close on September 21. The stock has dropped 2.7% month over month.

In Q2 2020, Barrick reported that it was well within its annual production guidance. Meanwhile, the rise in gold prices bolstered its royalty payments and reduced overall costs. Gold miners like Barrick will continue to reap the rewards of near-record high gold prices in the months ahead. Though the yellow metal has lost some momentum in late September, Barrick and its peers can still feast on these prices.

Kinross is another large Toronto-based gold producer. Shares of this gold stock have soared 99% so far this year. The company released its second-quarter 2020 results on July 29. Adjusted net earnings more than doubled from the previous year to \$194 million, or \$0.15 per share. Meanwhile, cash and cash equivalents rose to \$1.52 billion and total liquidity hit \$2.3 billion — both up from the previous quarter.

Should millennials keep betting on the yellow metal?

The future for gold hangs in the balance as some big events loom in the autumn. All eyes will be on the 2020 United States presidential election. Wall Street traders have bet on volatility, no matter the result. There appears to be a real chance of a contested election as cross-party invective has intensified since 2016. This volatility is bullish for gold.

Two gold stocks to watch in the fall

Barrick Gold stock last possessed a price-to-earnings (P/E) ratio of 11 and a price-to-book (P/B) value of 2.3. This puts the gold stock in favourable value territory at the time of this writing. Moreover, higher prices have bolstered Barrick's excellent balance sheet. This is still a worthy target for those looking for exposure to precious metals.

Shares of Kinross last had a P/E ratio of 13 and a P/B value of 2.1. This puts it in comparably attractive value territory to its gold-producing peer. Moreover, its balance sheet has also significantly improved in 2020. Millennials should not shy away from these undervalued gold stocks in a volatile economic environment.

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2. Metals and Mining Stocks

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