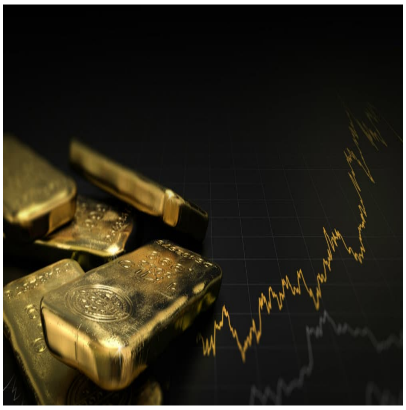

Gold Stocks: Is the Price of Gold Still Rising?

Description

The strengthening of the U.S. dollar has pushed down the market value of gold stocks recently on the **Toronto Stock Exchange**. The U.S. Federal Reserve's decision to keep interest rates low through 2022 should add downward pressure on the value of the U.S. dollar. Despite this easy money policy, the currency will more than likely strengthen over time, but analysts can't be absolutely certain of this.

That being said, gold is still a safety net for many investors. Savers still consider gold a hedge against inflation to protect the purchasing power of their cash.

Gold is selling for historic highs still, which calls into question possible bubbles in this asset. There's some risk involved in purchasing not only the physical asset but gold stocks as well. Like with any investment, take caution with your decision and never risk more than you are willing to lose.

Here are two gold stocks that you might consider buying today. Warren Buffett recently invested in one of these gold stocks. Maybe you should do the same.

Warren Buffett invests in Barrick Gold stock

Barrick Gold (TSX:ABX)(NYSE:GOLD) stock has performed very well this year. The commodities stock fell to a 52-week low of $17.52 this year. Then inflation concerns caused the stock to soar to a whopping 52-week high of $41.09 per share. At the time of writing, the stock is trading for $36.81.

The dividend yield is low at 1.14%, but it was good enough for Warren Buffett who reported a sizable investment in this stock last month.

Barrick Gold's second-quarter 2020 earnings report released the following statement from the firm's management regarding COVID-19 impacts:

> "President and chief executive Mark Bristow said these results positioned Barrick well to achieve its guidance for the year, despite the impact of the global Covid-19 pandemic and

> the resultant lockdowns. Comprehensive programs to counter the spread of Covid-19 are in place at all of Barrick's operations and it continues to take the necessary steps to manage the impact of the pandemic on its business."

Barrick Gold is probably one of the safest gold stocks to buy right now. Nevertheless, investors should be concerned about the historically high price of gold. Use stop losses, sell calls, or even buy a put for insurance if you want to purchase a large position in gold stocks right now.

Even better: make investments slowly over the course of a few months just to be sure you don't put too many eggs into this basket.

Kinross Gold reports strong earnings growth

Kinross Gold (TSX:K)(NYSE:KGC) fell to a 52-week low of $4 per share this year. Like with Barrick Gold, this commodities stock rose along with the historic rise in the price of gold. At the time of writing, Kinross Gold stock is trading for $11.76 per share.

Kinross Gold issues a lower annual dividend yield than Barrick Gold at 0.67%. Nevertheless, this is still a solid gold stock to consider purchasing this year.

J. Paul Rollinson, president & CEO, commented on the substantial increase in margins during the second quarter of 2020:

> "Kinross had a strong second quarter, as we generated robust free cash flow, more than doubled earnings year-over-year, and continued to strengthen our investment grade balance sheet. Our margins increased 53% year-over-year, well above the 31% increase in the average realized gold price. Our portfolio of mines performed well and continued production during the quarter, with our three largest producing mines — Paracatu, Kupol and Tasiast — delivering the lowest costs."

Margins have increased along with the rise in the price of gold and other commodities. The risk is where these prices will go from here. Historically, gold is a great way to preserve the value of your hard-earned savings.

That doesn't necessarily mean that you should invest in gold stocks. Getting in at the right time is crucial. Many investors are asking themselves at what price gold will settle from here.

If you want to invest in gold stocks, take caution, and understand that you might be buying before the prices correct downward. In other words, insure your investments!

CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Investing
4. Metals and Mining Stocks
5. Stocks for Beginners

TICKERS GLOBAL

1. NYSE:B (Barrick Mining)
2. NYSE:KGC (Kinross Gold Corporation)
3. TSX:ABX (Barrick Mining)
4. TSX:K (Kinross Gold Corporation)

PARTNER-FEEDS

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

Category

1. Coronavirus
2. Dividend Stocks
3. Investing
4. Metals and Mining Stocks
5. Stocks for Beginners

Date
2025/09/07
Date Created
2020/09/25
Author
debraray