



Today's Top Buy: Kirkland Lake Gold

Description

The uncertainty and volatility driven by the pandemic resulted in a rapid rise in gold stocks last year. Indeed, the upside these stocks saw has been a direct result of soaring gold prices in 2020.

However, 2021 has not gotten off to the same start. Gold producers have lost steam, as the price of gold has continued lower.

For those who believe the gold rally is only taking a breather, this is a great time to pick up gold miners. In this space, **Kirkland Lake Gold** (TSX:KL)(NYSE:KL) remains one of my [top picks](#).

Here's why I'd recommend investors consider this top-notch gold miner with an excellent valuation today.

Gold's underperformance may not last

Gold has taken a beating of late.

The current market conditions mark a dramatic shift, when compared to last year. Investors' appetite for gold last year was largely driven by historically low interest rates, as falling bond yields turned real yields negative. Gold, once again, turned into a safe-haven asset, and investors piled in.

However, this year is a different story. Indeed, bond yields have once again begun to climb. There's reduced interest in holding gold relative to bonds or other cash-like instruments.

That said, I think the recent selloff in gold miners may have been too harsh and undeserved. The market is too pessimistic about factors that can take gold stocks for a nice ride.

First, it provides an option for diversification if the stock market becomes volatile once again, which is increasingly likely following the third wave of COVID in Canada. This commodity will provide a nice hedge to those concerned about inflation and stretched valuations today.

Secondly, there is a technical element at play here, as gold may have been sold to generate liquidity for the market. This is a short-term move and likely to blow over soon. I remain optimistic gold producers can once again take off, should investors see value in gold relative to other assets like Bitcoin that appear to be taking much of the capital flow away from gold at the moment.

Furthermore, the immense amount of government stimulus is bearish for the U.S. dollar. However, this is very bullish for commodities like gold.

There are many reasons to consider gold, and gold producers, right now. Considering how undervalued producers are relative to the price of gold, this seems like a no-brainer investment to me.

Bottom line

At Kirkland Lake's current valuation, it's dirt cheap. This gold miner not only boasts a price-to-earnings ratio well below the industry average, but it also offers a dividend yield of more than 2%.

Finding a gold miner with these kinds of fundamentals has been nearly impossible in the past.

From a long-term perspective, Kirkland Lake remains one of my top picks today. I think investors would be remiss to ignore this opportunity right now.

CATEGORY

1. Investing
2. Metals and Mining Stocks

POST TAG

1. Gold
2. growth
3. growth stocks
4. investing
5. market
6. Stocks

PARTNER-FEEDS

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

Category

1. Investing

2. Metals and Mining Stocks

Tags

1. Gold
2. growth
3. growth stocks
4. investing
5. market
6. Stocks

Date

2025/06/30

Date Created

2021/04/14

Author

chrismacdonald

default watermark

default watermark