



Gold Rally: Is Barrick Gold (TSX:ABX) a Good Buy Right Now?

Description

Gold prices are enjoying another push. Investors are wondering whether the rising gold value could make it an ideal time to buy **Barrick Gold** ([TSX:ABX](#))(NYSE:GOLD). Today I will discuss the rise in gold prices and whether that could make Barrick Gold an ideal asset to consider adding to your portfolio.

Gold price rise

Gold is trading for US\$1,838 per ounce at writing, translating to the highest it has been since February 2021. The move from below the US\$1,700 mark in March has gold bulls wondering whether gold prices will cross the 2020 high of around US\$2,080 mark before this year ends.

The recent momentum in gold prices is because of the yields for 10-year U.S. Treasuries bonds going through a pullback. The bond sell-off began in August 2020 and has since stabilized. The sell-off caused bond yields to rise from 0.51% to 1.75%. At writing, the 10-year yield is down to 1.60%.

Gold prices benefit from lower treasury bond yields because it reduces the opportunity cost of owning the rare yellow metal. The combination of lower bond yields and inflation threats could place gold as an ideal safe-haven asset for many investors.

Additionally, investors who sold off gold to capitalize on the Bitcoin rally could be returning to gold after raking in substantial profits. If there is a significant pullback in [cryptocurrency prices](#), we could see gold prices pick up some serious momentum.

Why Barrick Gold could be a good asset

Barrick Gold recently reported very strong quarterly results for Q1 2021. The gold and copper mining giant generated a free cash flow of US\$800 million in that quarter. The company's operating revenue was up to US\$1.3 billion and its net cash rose by US\$500 million.

Last year's gold price rally was fantastic for Barrick Gold, and the company managed to start the year with zero net debt. The company's board announced that it would distribute dividends of US\$0.09 per share to its shareholders every quarter.

Barrick Gold's board also plans to return US\$750 million in capital via special payments during this year, translating to an additional US\$0.42 per share.

Barrick Gold is one of the most significant gold producers worldwide. Barrick Gold owns and operates half of the top 10 gold mines in the world. The gold and copper producer is currently developing its Turquoise Ridge project to add another one to its list.

Copper prices have also been rising as demand soars amid the renewable energy boom. The stock is trading for \$28.95 per share at writing, and is at a 27% discount from its August 2020 valuation. Barrick Gold has an excellent balance sheet and looks well positioned to create tons of free cash flow at current gold prices.

Foolish takeaway

If the gold rally continues, Barrick Gold could be an [undervalued stock](#) and surge past its 2020 peak. You might expect at least some volatility in gold prices moving forward. Adding Barrick Gold to your portfolio could be a good way to play on the momentum of bullish gold price trends.

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