



## Is Barrick Gold a Good Stock to Buy Right Now?

### Description

**Barrick Gold** ([TSX:ABX](#))(NYSE:GOLD) spent the past few years streamlining its business and reducing debt. Investors who previously shunned the stock are wondering if this might be the time to buy.

### Barrick Gold's earnings

Barrick Gold generated solid [Q1 2021](#) results. Adjusted net earnings came in at US\$0.29 per share, supported by US\$1.3 billion in operating cash flow. Barrick Gold generated US\$800 million in free cash flow during the quarter and increased its net cash position by US\$500 million.

Gold and copper production are on track to hit 2021 guidance, and Barrick Gold stands to benefit from strong prices in both commodities. Gold currently trades near US\$1,900 per ounce. Barrick Gold's Q1 all-in sustaining costs were just US\$1,018 per ounce. Copper trades around US\$4.50 per pound. All-in sustaining costs for Q1 were US\$2.26 per pound.

Investors should see better numbers for Q2 and through the end of the year.

### Dividends

Barrick Gold now has zero net debt compared to debt of US\$13 billion before it began its aggressive turnaround plan. The strong balance sheet frees up extra cash for dividends. Barrick Gold has tripled the payout since September 2018, and investors should see another generous hike this year.

In addition, Barrick Gold is giving investors a US\$0.42-per-share special return of capital in 2021. When this is combined with the US\$0.36 per share in total dividend payments, the US\$0.78 per share works out to a yield of about 3.3% at the current share price.

## Outlook

Gold should see support in the coming months and over the next few years. The U.S. dollar continues to weaken against a basket of key international currencies. Gold is priced in U.S. dollars and a weaker greenback often drives higher gold prices.

The bursting of the bubble in the cryptocurrency market also bodes well for gold. Institutional investors might decide gold is still a safer and more attractive option for parking funds. A [rotation out of Bitcoin](#) and back to gold could pick up momentum in the coming months.

Copper should maintain or extend its gains in over the medium term, as economic expansion and investment in green energy expands. Electric vehicles, solar panels, and wind turbines all require significant copper in their manufacturing process.

On the operational side, Barrick Gold continues to advance new projects. The company already operates five of the top 10 mines on the planet and will add a sixth to the list. Costs are down, and management is squarely focused on high-return assets that generate strong free cash flow.

## Is the stock a buy today?

At the time of writing, Barrick Gold stock trades near \$28 per share on the **TSX Index**. The share price hit \$40 last year when gold topped US\$2,080 per ounce. Gold is roughly 10% below that level, while Barrick Gold is 30% off its 12-month high.

At this point, the stock looks [undervalued](#), and investors could pick up some nice gains on the next gold surge. It wouldn't be a surprise to see gold hit US\$2,100 over the next 12-18 months. If you are a gold bull and have some cash to put to work, Barrick Gold deserves to be on your buy list.

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1. Investing
2. Metals and Mining Stocks

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