



2 Canadian Gold Stocks That Could Soar in the 2nd Half of 2021

Description

Long-term investors often view gold as a hedge against stocks. However, gold stocks usually generate higher returns than physical gold prices, making them better investments than the yellow metal. As per a McKinsey & Company report, gold stocks had provided a 33% return to the shareholders in 2020, easily outpacing major indexes such as the S&P500 and Dow Jones.

If markets turn turbulent in the upcoming months due to the rise of COVID-19 infections and a sluggish macro economy, gold mining stocks may continue to generate outsized gains for investors. Here's a look at two Canadian gold stocks that could rise in the second half of 2021.

Barrick Gold

Barrick Gold ([TSX:ABX](#))(NYSE:GOLD) is a Canadian mining company that has operations spread across 13 countries including Saudi Arabia, North and South America, and Africa, etc. It is mainly focused on producing gold and copper.

Last year, Barrick Gold had delivered a strong operating cash flow of US\$5.4 billion with a record US\$3.4 billion in free cash flows that is around nine times more than the previous two years. Further, in the [first quarter of this year](#), it reported an EPS of US\$0.29, beating the market's estimate of US\$0.27.

As further improvements in operations are planned in North America, Argentina, and Tanzania that are capable of boosting Barrick's gold production to a large extent, it is expected that Barrick will continue its good run in the second half of 2021 as well.

Investors who look out for dividend-paying stocks might also consider Barrick, since it distributes quarterly dividends. Last month, it had paid out US\$0.09 per common share. In the coming months of August and November, it will be paying out \$500 million to its investors via two special dividends.

Though with the reopening of the economy, Barrick has lost a little bit of its appeal. One must remember, just like last year, that acquiring this powerful stock can shield your portfolio from all the volatility and negative market effects, which may flare up soon with the spread of Delta variant of

COVID-19, leading to reimplementations of restrictions.

Kirkland Lake Gold

Kirkland Lake Gold (TSX:KL)(NYSE:KL) is another gold mining company headquartered in Toronto with operations based in Canada and Australia. Its operational performance makes it one of the most high-quality Canadian gold stocks that are worth buying and holding for the long run. Like Barrick, this massive \$13 billion [large-cap](#) gold stock is also considered as one of the largest gold miners, as it produced 1.3 million ounces of gold last year.

This year, within the first quarter, KL exceeded its gold production by 12,874 ounces, which helped the company to achieve an EPS of \$0.63 per share. The strong performance was achieved due to the additional drillings made at Detour Lake and all the enhanced exploration activities made by it post-COVID-19. In the second quarter, Kirkland Gold reported record results, showing another 25% increase in gold productions. It is expected KL would further see greater year-over-year growth in Q2 of 2022, because Macassa and Detour are likely to produce much higher output at that time.

All this makes KL is an ideal long-term buy if you are looking for a gold stock that can stabilize your portfolio and hedge against market risks.

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Date

2025/09/06

Date Created

2021/07/29

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