



1 Stock That Just Became too Cheap to Ignore

Description

The second-largest gold mining company in the world has seen better days with the exception of the [global pandemic](#). **Barrick Gold** ([TSX:ABX](#))(NYSE:GOLD) continues its rollercoaster ride in 2021 since climbing to \$41.09 in the last 52 weeks. As of July 30, 2021, the premier gold stock trades at only \$27.16 per share. At this price and a trailing one-year price return of -29.84%, Barrick Gold, an [undervalued stock](#), is too cheap to ignore.

Preliminary Q2 2021 results

The company will present its Q2 2021 results on August 9, 2021. However, based on preliminary results, Barrick is on track to meet its production targets this year. For the quarter, gold and copper sales stood at 1.04 million ounces of gold and 96 million pounds, respectively.

Gold production was lower than Q1 2021, which was primarily due to the planned maintenance shutdowns at Nevada Gold Mines' processing facilities. Management, however, expects gold production in the second half of this year to be higher than the first half. The cost of sales and the total cash cost per ounce should be higher by 2% to 4% and 1% to 3%.

Likewise, copper production in the second half of 2021 should be stronger than the first half due to higher grades from the Lumwana copper mine in Zambia. In Q2 2021, the copper cost of sales per pound was 14% to 16% higher, while cash costs per pound rose by 13% to 15%. Meanwhile, the copper all-in sustaining costs per pound climbed between 20% and 22%.

Exploration strategy

Barrick Gold will bring its operations to Egypt. According to Senior Vice President for Exploration Joel Holliday, the move is an integral part of its exploration strategy. Holliday said, "We believe that it is essential to move into prospective emerging and underexplored mineral belts to maintain the discovery rate as part of a balanced development strategy."

Holliday further expounds by saying that Barrick is a global company. It evaluates opportunities anywhere that management sees the potential for world-class deposits on the condition they pass Barrick's investment filters.

The Egyptian government awarded Barrick Gold four exploration licenses (19 blocks) to explore for gold and associated minerals in Egypt's highly prospective Eastern Desert region. You can find the giant Sukari deposit and numerous other gold occurrences in the said location. Barrick's entry is timely because the desert hasn't seen systematic exploration recently.

Barrick President and CEO Mark Bristow said, "The opportunity in Egypt is an exciting addition to our portfolio, and we look forward to a long and successful partnership with the Egyptian government." This year alone, Barrick's exploration portfolio has expanded. The prospective new property positions are in Guyana, Japan, Nevada, and Tanzania.

Hedge against inflation

Based on the list compiled by goldsilver.com, most analysts predict gold prices to exceed US\$2,000 per ounce in 2021. In the long-term or beyond, Bloomberg Intelligence predicts the price to be around US\$4,500. Should inflation rise, investors will look for hedges again.

Gold would be an obvious choice to counter high inflation and should push the price higher. The strong buy recommendation of market analysts is consistent with the gold price predictions. They see a potential upside of 30.94% for Barrick Gold.

Furthermore, the 4.12% dividend should be attractive to [income investors](#). The undervalued stock is a screaming buy indeed!

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