



1 Unloved TSX Stock to Buy in November

Description

The **TSX Index** continues to hit new highs, but some stocks missed the party in 2021. Let's take a look at **Barrick Gold** ([TSX:ABX](#))(NYSE:GOLD) to see why it might be a good pick heading into 2022.

Barrick Gold earnings

Barrick Gold ([TSX:ABX](#))(NYSE:GOLD) reported solid results for Q3 2021. The Q4 numbers will likely be better, and gold stocks could be the big winners next year.

Barrick Gold is on track to meet the top end of its guidance for 2021. Production for Q3 2021 came in at just under 1.1 million ounces. That brings the 2021 total to 3.23 million ounces. The company continues to deliver solid output, despite a variety of pandemic challenges.

Copper production in the quarter was 100 million pounds. Barrick produced 289 million pounds of copper through the first nine months of the year. Copper prices remain elevated amid strong demand and relatively tight supply conditions. The market strength is expected to continue in 2022 and beyond, as demand ramps up to supply a growing global electric vehicle industry as well as expanding solar and wind renewable energy projects.

Barrick Gold generated adjusted net earnings of US\$419 million in the latest quarter on an average realized gold price of US\$1,771 per ounce. Free cash flow came in at US\$481 million, and adjusted net earnings of US\$0.24 per share beat consensus estimates.

All-in sustaining costs (AISC) for gold were US\$1,034 per ounce, down from US\$1,087 in the second quarter. Copper AISC also dropped in the quarter to US\$2.60 per pound.

Exploration success this year is expected to result in the replacement of gold reserves net of depletion in 2021. Barrick has added new exploration projects in five countries to extend the potential growth of the resource base.

Dividends

Barrick pays a sustainable quarterly dividend of US\$0.09 per share. The board also gave investors a special return of capital this year that totaled US\$0.42 per share.

A dividend increase could be on the way in 2022. Barrick Gold has tripled the size of the payout since 2018.

Gold price outlook

Gold picked up a tailwind in recent weeks and now trades for US\$1,825 per ounce. Inflation fears might be driving the new upswing, as gold is widely considered to be a good investment to protect buying power.

Interestingly, gold is seeing strength, even as cryptocurrencies flirt with new highs. The past few years have seen gold take a hit when Bitcoin rallied. The decoupling of the relationship could signal more upside for gold heading into 2022.

Is Barrick Gold stock a buy?

Barrick Gold appears [undervalued](#) at the current TSX price near \$24 per share.

The stock traded at \$40 when gold hit US\$2,080 in 2020. Gold is only down about 12.5% from that level, while Barrick Gold is off 40%. Mining stocks typically move more than the price of the commodity, but the selloff looks overdone.

Contrarian investors with a bullish view on gold might want to start buying Barrick Gold stock at this level. If gold holds or extends the recent gains in the coming months, this stock should move much higher.

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