



Top 2 Rallying Canadian Gold Stocks to Buy This Black Friday

Description

Stocks have helped investors gain big this year, as the **TSX Composite** continues to trade close to its all-time high levels. While most high-flying Canadian stocks have seen a correction in the last couple of weeks, a handful of gold stocks have started a big rally in the fourth quarter. In this article, I'll highlight two such rallying gold stocks that I find worth buying this [Black Friday](#). But first, let me explain why it could be a great time to invest in Canadian gold stocks.

Why gold stocks?

In 2021 so far, most businesses have seen much sharper than expected financial recovery after facing operational challenges due to the pandemic last year. This has driven a big rally in their stocks, making many of them look overvalued. However, challenges such as rising inflation, supply chain disruptions, and labour shortages have already started triggering concerns about slowing global economic growth.

These factors could lead to a big market correction in the coming months. As the equities market starts to correct, investors may try to de-risk their portfolios by shifting their attention to safe-haven assets like gold. This increased demand for the yellow metal could give a big push to its prices in the near to medium term and drive gold miners' shares higher.

New Gold stock

New Gold ([TSX:NGD](#))(NYSE:NGD) is a Toronto-based intermediate mining company with a market cap of \$1.3 billion. Its stock has already risen by more than 41% in the fourth quarter so far.

Apart from rising gold prices, the company's much better-than-expected earnings growth in recent quarters is helping New Gold stock surge lately. In the third quarter, New Gold's sales rose by only 3.5% year over year to US\$180 million. Nonetheless, its adjusted earnings for the quarter jumped by nearly 50% from a year ago to US\$0.03 per share, beating analysts' estimates by a wide margin.

Despite lower sales volume, surging gold and copper prices helped the company post stronger

revenue in the September quarter. Street analysts expect New Gold's earnings-growth trend to massively improve the next year due to its rising production amid improving metals demand. Even after rallying by more than 40% in Q4, NGD stock is still trading with 33% year-to-date losses, making this Canadian gold stock look cheap to buy now.

IAMGOLD stock

IAMGOLD ([TSX:IMG](#))([NYSE:IAG](#)) is another small Canadian gold mining firm with a market cap of about \$1.9 billion. Just like New gold, its shares have also risen by more than 40% in the ongoing quarter so far. But it's still trading with 13% losses on a year-to-date basis.

In the latest quarter, IAMGOLD's production at its West Africa-based Essakane mine [remained](#) strong due to rising throughput and improved recoveries. With this, the company is on course to meet the upper range of its full-year 2021 production guidance for Essakane mine.

The gold miner's management expects its mining activities to ramp up further in the fourth quarter. While rising transportation and security-related costs are likely to hurt its margin in the short term, its improving operational efficiencies could help IAMGOLD expand its margins in the long term.

CATEGORY

1. Investing
2. Metals and Mining Stocks

TICKERS GLOBAL

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2. NYSEMKT:NGD (New Gold Inc.)
3. TSX:IMG (IAMGOLD Corporation)
4. TSX:NGD (New Gold Inc.)

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