



3 Gold Stocks Are Safety Nets in Runaway Inflation

Description

Inflation is rising so fast that many investors are returning to the usual [safe harbour](#). Gold, not a digital currency like **Bitcoin**, remains the best hedge during inflationary periods. Besides high inflation, the weakness of the U.S. dollar and current geopolitical tensions could [drive gold prices higher](#) in 2022.

David Lennox, a resource analyst at Fat Prophets, said the world's most precious metal could test new highs. The price could even eclipse the US\$2,063 record in August 2020. With the runaway inflation, **Barrick Gold** ([TSX:ABX](#))(NYSE:GOLD), **Wesdome Gold Mines** ([TSX:WDO](#)), and **Argonaut Gold** ([TSX:AR](#)) are not only [value stocks](#) but are safety nets as well.

Top Canadian miner

Top-tier gold stock Barrick Gold was an under-performer in 2021 but has advanced 11.4% in the last 10 days. At \$26.38 per share, current investors enjoy a 9.69% year-to-date gain on top of the 1.76% dividend. Based on market analysts' 12-month average target, the potential upside is 25.7% (\$33.15). Their high price target is \$41.38 (+58.6%).

The \$46.93 billion Canadian gold and copper producer will present its Q4 and full-year 2021 results this Wednesday. Industry experts expect the results to reflect the impact of higher gold and copper production plus realized gold prices. Management's preliminary data showed that Barrick met its production target for the third consecutive year.

Copper production was likewise higher in Q4 2021 versus Q4 2020. Both the Africa & Middle East and Latin America & Asia Pacific regions are likely to report strong finishes to 2021. **BlackRock**, a global asset management firm, is one of Barrick's largest shareholders.

TSX30 winner

Wesdome Gold Mines is one of 14 mining companies in the 2021 TSX30 List. It ranked tenth among the TSX's top 30 growth stocks. At \$12.78 per share (+11.03% year-to-date), the trailing one-year price

return is 33.96%. Also, the 162.42% (37.77% CAGR) total return in the last 3.01 years is proof of its stability.

This \$1.81 billion company aims to become Canada's next intermediate gold producer with its two flagship producing underground mines. The Eagle River Underground Mine in Ontario produces between 92,000 and 105,000 ounces of gold per year.

Wesdome's Kiena Complex, a re-started fully permitted underground mine and milling operation, is a key growth driver. The low-cost mine should produce around 80,000 ounces annually. Management expects revenue growth of 55% in 2022, and anticipates earnings to double compared with 2021.

Value and growth

Argonaut Gold carries a strong buy rating from market analysts. The mining stock trades at only \$2.44 per share, although the price could appreciate between 53.7% (average) and 84.4% (maximum) in one year. On February 11, 2022, it advanced 7.02%.

The \$759.3 million company operate in two mines in Mexico and a production stage mine in Florida Canyon, U.S. Argonaut is a low-cost producer that leverages gold through development assets. Management focuses mainly on high-return, short payback projects in the Americas.

Argonaut's full-year 2021 results will come out soon, although the business performance after three quarters was impressive. Revenue versus the same period in 2020 was 52.6%. Notably, net earnings reached US\$63.78 million from a net loss of US\$3.79 million.

Upside momentum

Mining experts say gold stocks have yet to spring higher. However, their prices could soar soon, given the current upside momentum.

CATEGORY

1. Dividend Stocks
2. Investing
3. Metals and Mining Stocks

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2. TSX:ABX (Barrick Mining)
3. TSX:AR (Argonaut Gold Inc.)
4. TSX:WDO (Wesdome Gold Mines Ltd.)

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