



2 Top Canadian Gold Miners to Buy as a Market Hedge Right Now

Description

As the stock market continues to recalibrate over a series of intense macro headwinds of late, investors are left to ponder just how to proceed in this environment. Indeed, Russia-Ukraine tensions are the highest they've been in approximately eight years. And surging inflation, the threat of higher interest rates, and supply chain issues are among a plethora of headwinds investors are increasingly becoming worried about.

With this backdrop, many investors are looking for safety. However, various defensive sectors have not acted as safe havens to the degree many expected. Gold is one such investment that's underperformed for some time.

That said, I think gold, and gold miners specifically, remain excellent market hedges for those worried about these macro issues. Here are two of my top picks in this regard.

Top gold miners: Agnico Eagle

Agnico Eagle ([TSX:AEM](#))([NYSE:AEM](#)) has now successfully completed its merger with Kirkland Lake Gold. The two companies have combined to create one of the world's largest gold miner. As we know in the gold mining business, scale matters. Thus, those looking for a top-notch gold miner with both grade and volume may like how Agnico Eagle is positioned right now.

One of the things that makes Agnico Eagle stand out is its financial flexibility. This company's expanded portfolio of assets provide leverage to rising gold prices, but also relatively high margins and a solid financial outlook. For those concerned about the ability of this company's management team to successfully pass on value to shareholders over time, this integration is one that should be looked at positively.

Beyond this deal, Agnico Eagle has a robust pipeline of exploration projects. These projects are spread across a number of mining-friendly jurisdictions, such as the U.S. and Colombia. Additionally, the company's existing mines have expanded organically for some time. As the company continues to grow, higher gold prices have the potential to take this company's valuation much higher. Currently,

investors can grab a piece of Agnico Eagle for only 20 [times earnings](#) (I think that's very cheap).

Equinox Gold

Similar to Agnico Eagle, **Equinox Gold** ([TSX:EQX](#))(NYSE:EQX) provides investors with a strong value thesis. Indeed, this stock is much more attractively valued than most gold miners out there right now. At under five times earnings, most investors would agree this is an [incredibly undervalued stock](#) right now.

Like Agnico Eagle, Equinox operates mainly in mining-friendly jurisdictions in North and South America. This company's growth prospects include both organic and roll-up opportunities over time. Specifically, the company's mineral reserves in Brazil are impressive, and the company is expected to start producing gold commercially from various satellite mining projects shortly.

There are expectations that Equinox could hit one million ounces of gold per year in the coming years. For those bullish on where the price of gold is headed, the math on how profitable this production will be is impressive. For now, Equinox is a top gold miner that's on my watch list. However, given this company's valuation, I think it's approaching a level that's too cheap to ignore right now.

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