



2 Gold Stocks to Buy if You Think a Pullback Is Coming

Description

A senior analyst said on Tuesday that gold faces [growing headwinds](#), as central banks prepare to tighten monetary policies. Chris Vecchio of DailyFX.com said, “Unless the war escalates, I think gold has hit its highs for the year.” On April 12, 2022, however, the world’s most precious metal posted good gains.

The prices of gold and crude oil advanced mid-week, as news came out of U.S. inflation hitting a four-decade high last month. Meanwhile, gold hovers around US\$1,970 or below its multi-week high. Based on the charts of technical analysts, it has been range trading since March 2022. An attempt to break out is evident, although a pullback is also possible.

Still, gold is a valuable commodity, whatever market analysts predict. The yellow metal is hard to own physically, but investors who fear a [market crash](#) can turn to gold stocks. **B2Gold** ([TSX:BTO](#)) (NYSE:BTG) and **Mandalay Resources** ([TSX:MND](#)) are the [top choices](#) this month. Both outperform the broader market year to date.

Strong operating cash flows

B2Gold’s total gold production of 1,047,414 ounces in 2021 marks the 13th consecutive year of record annual total gold production. According to management, it was also a very successful exploration year. Despite the year-over-year declines in revenue (-1.5%) and net income (-31.5%), the US\$724 million consolidated cash flows from operating activities exceeded management’s forecast by 11.4%.

For 2022, the \$6.36 billion gold producer will conduct an aggressive exploration campaign with its US\$65 million budget. Apart from the focus on its operating mines in Mali, Namibia, and the Philippines, B2Gold will pursue opportunities in prospective gold regions. There’s also a budget for grassroots exploration programs in several new regions.

Prospective investors can gain from price appreciation and receive recurring income streams. At \$6.02 per share (+21.98% year to date), the dividend offer is 3.41%. The 12-month average price target of market analysts is \$7.65 (+27.1%).

Growing production and a stable operation

Mandalay Resources is a high flyer owing to its 59.74% year-to-date gain. Also, at \$3.69 per share, the trailing one-year price return is 86.36%. Based on the price forecasts of analysts covering this gold stock, the return potential in 12 months is between 33.3% and 43.6%. Note that in 3.01 years, MND's total return is 220.87% (47.39% CAGR).

The \$347.78 million natural resource company has two producing assets: a gold mine in Sweden and a gold-antimony mine in Australia. Management's primary focus is to grow production and reduce costs to generate significant positive cash flow. In 2021, Mandalay's consolidated gold equivalent production of 123,002 ounces represents a 19% from the previous year.

Total revenue and adjusted EBITDA increased 28.2% and 22%, respectively, versus 2020. The year's highlight was the US\$54.9 million consolidated net income, or a 490.3% year-over-year growth. Unfortunately, free cash flow declined 28.1% to US\$18.2 million due to shipping related issues.

Mandalay expects continued improvements in production and costs from its two core producing assets in 2022. The compelling reasons to choose this gold stock are its growing production and stable operations.

Global store of value

Gold is a global store of value, a hedge against inflation, and a safety net during geopolitical and macroeconomic uncertainties. You can pick up B2Gold or Mandalay if you anticipate a severe market correction. Their current share prices are good entry points.

CATEGORY

1. Investing
2. Metals and Mining Stocks

TICKERS GLOBAL

1. NYSEMKT:BTG (B2Gold Corp.)
2. TSX:BTO (B2Gold Corp.)
3. TSX:MND (Mandalay Resources Corporation)

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