



## Should You Buy Kinross Gold or Barrick Gold Stock Now?

### Description

Gold is moving higher, as global investors look for a safe-haven [strategy](#) to park cash and protect against inflation. Mining stocks are catching a tailwind as a result, and investors who missed the surge over the past two months are wondering which top gold stocks might be good to buy today.

### Kinross Gold

**Kinross Gold** ([TSX:K](#))([NYSE:KGC](#)) is up in 2022 but still down about 40% from the 2020 high. Gold, however, is only about 5% below its 2020 peak. Given the outlook for the company's production in the next few years, Kinross Gold stock appears [undervalued](#).

Kinross Gold produced 2.1 million gold equivalent ounces in 2021. Management is targeting output of 2.65 million ounces in 2022, 2.8 million in 2023, and 2.6 million in 2024.

The 2021 average realized gold price was US\$1,797 per ounce last year. Gold currently trades near US\$1,980 per ounce and has been above US\$1,800 for most of 2022. All-in sustaining costs (AISC) came in at US\$1,138 per ounce last year. Kinross Gold expects AISC to be about the same in 2022.

The company should generate rising free cash flow in the next three years to support dividend growth and ongoing share buybacks. The current quarterly payout of US\$0.03 per share provides a 2% yield at the time of writing.

### Barrick Gold

**Barrick Gold** ([TSX:ABX](#))(NYSE:GOLD) also looks cheap right now. The shares trade near \$32.50 at the time of writing compared to near \$40 at the high in 2020.

Barrick Gold raised its quarterly base dividend by 11% to US\$0.10 per share for 2022. That provides a current annualized yield of about 1.5%. Barrick Gold also gave shareholders a special return of capital in 2021 that was US\$0.42 per share. The new dividend policy will see Barrick Gold pay the base

dividend plus extra funds determined by the size of the net cash position. If net cash is above US\$1 billion at the end of the quarter, investors will get an extra US\$0.15 per share. With gold trading well above US\$1,900 per ounce, investors could see meaningful extra dividends through the end of this year.

Barrick Gold owns six of the top 10 mines in the world. The company continues to invest in exploration and is making strategic acquisitions to boost long-term growth opportunities. Barrick Gold effectively replaced its production with new resources in 2021 and has several promising new sites around the world.

## Gold outlook

The recent tailwind behind the price of gold could extend the rally to new highs in 2022 or 2023. Geopolitical uncertainty due to the war in Ukraine is driving demand for safe-haven assets, such as gold. At the same time, gold is viewed as a good asset to hold to protect buying power. Inflation in the United States came in at 8.5% for March.

At the same time, investors who shifted cash from gold to **Bitcoin** in the past couple of years might be moving back into the yellow metal due to the volatility in the crypto market. Potential crackdowns by governments on cryptocurrencies could extend the reversal.

## Is Kinross Gold or Barrick Gold a buy?

Kinross and Barrick Gold both look cheap right now. Kinross will likely deliver better production growth over the next two years, but Barrick appears to be ahead of Kinross on its turnaround efforts and could provide investors with better total dividend payouts. If you think the price of gold is headed higher, I would probably split a new investment between the two stocks today.

### CATEGORY

1. Investing
2. Metals and Mining Stocks

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2. NYSE:KGC (Kinross Gold Corporation)
3. TSX:ABX (Barrick Mining)
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