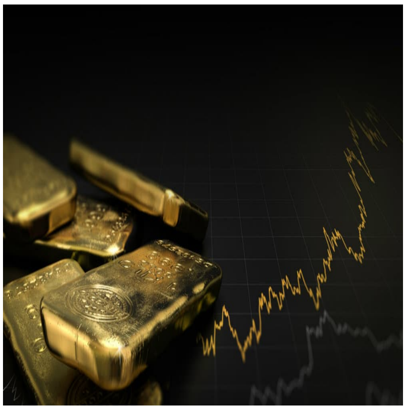

TSX Capped Gold Index Fell 11.6%: Is it Time to Buy Gold Stocks?

### Description

Gold is one of the most widely preferred “hedges” against a weak market/economy. It’s also an impressive safeguard against inflation, as it retains its value. However, that’s not its only use. You can also benefit from the gold’s contrarian spikes (against the broad market) and the short-term growth potential they offer. Gold stocks can prove to be just as potent (if not more) an alternative to the underlying asset.



Since the gold sector as a whole is slumping, now might be a good time to buy for the next growth spurt.

## A Jersey-based gold company

**Centamin PLC** (TSX:CEE) has been trading on the TSX for well over a decade, but the actual gold mining company is headquartered in Jersey, a self-governing Crown Dependency. The company has four major projects to its name, which collectively have reserves of over 15 million oz. Three of these projects are in West African countries, and one is in Egypt.

In the last 10 years, the stock has experienced two significant spikes, one of which pushed its value up by over 500%, and the second one triggered 160% growth. There have been a few more minor growth phases in between.

Currently, the stock is trading at its lowest point in the last five years and might slump further. The closer to the depth you can buy, the better the return potential it would offer.

## A U.S.-based gold company

**Newmont** (TSX:NGT)(NYSE:NEM) is currently the largest gold producer globally, *and* it has the most extensive gold base in the industry. The company has projects and a presence on four continents, North and South America, Australia, and Africa. The geographic diversification of the portfolio is a strong point in the company's favour.

Even though the company is over a century old, and Newmont stock has been trading on NYSE for decades, its TSX entry is relatively new (Apr 2019). Since its inception, the stock has risen twice — once about 126% and, more recently, roughly 60%.

Its massive weight prevents it from sliding down or moving up too much as rapidly as many smaller stocks do. However, it *is* trading at a 13% discount, reflecting the sector-wide trend.

## A Canada-based gold company

Another company that's currently offering a discount that's quite faithful to the sector-wide slump is **B2Gold** (TSX:BTO)(NYSE:BTG). The stock is currently trading at a 12.8% discount, which is beneficial for more than one reason. Not only can you buy this robust gold mining stock at a lower price, but the yield has also risen to a decent level (3.7%).



The stock was going throw a bullish phase before the pandemic rocked the market and grew about 117% in roughly one-and-a-half years. The growth during the pandemic was even more impressive — 145% in about half a year.

The company has mining operations in Mali, Namibia, and the Philippines, and a completely foreign base of operation can be considered a credit to the company.

## Foolish takeaway

It's a good idea to invest in gold stocks as soon as there is a market crash. If history is any indication, the stocks first fall alongside the broad market, but they are also the first ones to recover, and, in the process, the stocks *can* offer more growth in months than most stocks do in years.

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2. Metals and Mining Stocks

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adamothman