



## Time to Buy Barrick Gold Stock?

### Description

**Barrick Gold** ([TSX:ABX](#))(NYSE:GOLD) is off the 2022 high after a pullback in the price of gold. Investors who missed the rally earlier this year are wondering if Barrick Gold stock is now [undervalued](#).

### Barrick Gold Q1 2022 earnings

Barrick Gold reported weak Q1 earnings compared to the same period last year due to a large drop in production. Barrick Gold produced 990,000 ounces of gold in the first three months of the year compared to 1.1 million ounces in Q1 2021.

All-in sustaining costs also increased to US\$1,190 per ounce compared to US\$1,073 per ounce last year. The drop in production was expected, and Barrick Gold said it remains on track to meet its output guidance for 2022. Management is anticipating a strong second half of the year.

Higher gold prices helped offset the reduction in output. Barrick Gold reported a Q1 2022 realized gold price of US\$1,876 per ounce compared to US\$1,777 per ounce in the first three months last year.

Adjusted net earnings per share came in at US\$0.26 compared to US\$0.29.

Despite the weaker performance, investors should be happy. Barrick Gold finished Q1 with a net cash balance of US\$743 million. This means shareholders get a bonus US\$0.10 per share dividend payment on top of the base dividend of US\$0.10. Barrick put a new dividend policy in place this year that pays out as much as an extra US\$0.15 per share, depending on the net cash flow position at the end of each quarter.

Gold trades near US\$1,880 per ounce at the time of writing. As long as the yellow metal holds the current price or rebounds in the coming months, Barrick Gold investors should see steady dividend bonuses through the end of the year.

At the current share price, an annualized dividend of US\$0.80 per share would deliver a yield of about 3.5%.

## Gold outlook

Gold has dropped about US\$200 per ounce from the 2022 high it hit in early March. A surge in the value of the American dollar is a big reason for the pullback. Gold is priced in the U.S. currency, so a rising dollar makes the metal more expensive for holders of other currencies. Ongoing geopolitical uncertainty and fears about a potential recession could drive the American dollar even higher in the coming months. This could put added pressure on the price of gold.

Gold is widely viewed as a good hedge against inflation. Prices are rising around the globe and people are searching for ways to protect their buying power. Owning gold is one way investors try to achieve this result, especially if their own currencies tend to decrease in value against the U.S. dollar over time.

Gold is also considered to be a reasonable safe-haven asset. Market instability can drive more funds into gold, as investors look for a place to ride out turbulence.

Another potential tailwind for the price of gold in the coming months could be the transition out of **Bitcoin** and other cryptocurrencies. Volatility remains high in the crypto space and the recent plunge in the value of Bitcoin could trigger a shift of funds to gold.

## Is Barrick Gold stock a buy?

Barrick Gold trades near \$28 per share on the TSX at the time of writing compared to the 2022 high of \$33.50. The stock was close to \$40 in 2020 when gold surged to US\$2,080 per ounce. Barrick Gold has a strong balance sheet and owns six of the top 10 mines in the world. Exploration success is replacing resource production, and Barrick Gold is building its portfolio of growth opportunities around the globe.

In addition, Barrick Gold is a significant copper producer. The copper market should be strong in the coming years, and this helps offset some of the volatility in the gold operations.

Investors need to be bullish on gold and copper to own the stock. If you are in that camp, Barrick Gold looks attractive right now.

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