



Top 2 Gold Stocks for Beginners

Description

Gold stocks could be a potential target if you're worried about inflation. Theoretically, tangible precious metals like gold appreciate in value as currencies lose value. That's a tailwind for gold mining companies. These stocks could outperform other sectors of the market if the current trend continues.

Here are the top two gold [stocks for beginners](#) in 2022.

Barrick Gold

Barrick Gold ([TSX:ABX](#))(NYSE:GOLD) is a classic gold stock. The miner has given back a good chunk of the gains accrued early in the year, as gold prices spiked to highs of US\$2,049 an ounce. The stock now appears to be deep in oversold territory.

Gold retreating to lows of \$1,839 an ounce is one factor that has accelerated Barrick gold's steep selloff. However, disappointing first-quarter results acted as fuel that accelerated the selloff. The company produced 990,000 ounces of gold during the quarter, down from 1.1 million produced in the same quarter last year.

Despite production declines, costs skyrocketed to highs of \$1,190 per ounce produced compared to \$1,073 per ounce last year in the same quarter. The company was able to offset part of the high costs with a realized gold price of \$1,876 compared to \$1,777 last year in the same quarter. Nevertheless, the gold miner delivered earnings per share of \$0.26 down from \$0.29 last year.

Amid the weak Q1 results, Barrick gold ended the quarter with net cash of \$743 million. The company also confirmed a new dividend of \$0.15 a share, translating to a dividend yield of 2.03%. It has also confirmed plans to spend up to \$1 billion in stock buybacks.

Following the recent deep pullback, Barrick Gold appears to be trading at a discount with a price-to-earnings multiple of 17. As long as gold prices remain above the \$1,800 an ounce level, Barrick gold remains well positioned to generate free cash flow for shareholder distribution.

Kinross Gold

Kinross Gold ([TSX:K](#))([NYSE:KGC](#)) also delivered disappointing first-quarter results. As a consequence, the stock has nosedived over 24% year to date. While the stock has shown signs of bottoming out, it remains under immense short-selling pressure.

The selloff in recent weeks has been fueled by gold prices declining from highs of \$2,049 an ounce early in the year to current lows of about \$1,840 an ounce. Amid the decline in gold prices, Kinross Gold sentiments have been hurt by weak Q1 results, whereby production fell 6% to 505,700 ounces. In addition, costs rose to \$1,245 an ounce, higher than the \$1,052 rate for the same quarter last year.

A spike in costs and lower production explains why the stock remains under pressure. However, management expects production costs to decline to \$1,150 an ounce in the second quarter.

While gold prices have plunged below the \$2,000-an-ounce level, Kinross Gold could benefit greatly from the average realized gold price coming in at \$1,875 in the second quarter. This should be able to offset any margin compression.

However, the stock is trading at a premium with a price-to-earnings multiple of 24. Kinross could be an ideal target if it lives up to its cost targets or if the price of gold moves higher. For now, it's best to keep this stock on your watch list.

CATEGORY

1. Investing
2. Metals and Mining Stocks

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

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