



3 Gold Stocks That Have Held Strong During a Chaotic 2022

Description

Investors' positions in gold might increase if recession risks increase, not subside, in the coming days or weeks. While the market of the world's most precious remains timid, it stands out as a safety net. The [materials sector](#) is down -1.45% year to date, but TSX gold stocks have been holding steady amid massive headwinds.

Top gold mining companies like **Barrick Gold** and **Franco-Nevada** aren't losing so far this year, although smaller industry peers outperform both and the broader market. **K92 Mining** (TSX:KNT), **Yamana Gold** (TSX:YRI)(NYSE:AUY), and **Wesdome Gold Mines** (TSX:WDO) have shown tremendous resiliency during this chaotic year.

All three stocks are attractive options if you need to hedge against runaway inflation. On June 22, 2022, Statistics Canada dropped a bombshell when it reported an inflation rate of 7.7% for May 2022. According to the agency, the rate is the highest level in 40 years. Meanwhile, economists are nearly 100% sure that the Bank of Canada will raise its policy rate by 0.75% on July 13, 2022.

Strong balance sheet and production growth

K92 Mining is predominantly a gold producer, but it also produces copper and silver at the Kainantu Gold Mine in Papua New Guinea. The \$2.04 billion company started commercial production in the said mine in February 2018. This gold stock has been a profitable investment in the last 3.01 years. Its total return within the period is 393.96% (70.14% CAGR).

As of this writing, K92 trades at \$8.99 per share for a year-to-date gain of 25.03%. In Q1 2022, gold, silver, and copper production (in ounces) increased 35.9%, 255.1%, and 258.5%, respectively, versus Q1 2021. Net income for the quarter reached US\$14.1 million due to the 78% year-over-year increase in revenue.

John Lewins, K92's CEO and director, said, "Financially, the company has never been stronger, with a record cash balance of \$79.9 million, increasing by \$8.6 million during the quarter."

Takeover target

Like K92, Yamana Gold outperforms with its 21.15% year-to-date gain. Also, at \$6.41 per share, the \$6.16 billion precious metals producer pays a decent 2.34% dividend. In Q1 2022, revenue and net earnings increased 4.7% and 5.7% versus Q1 2021.

Because of the anticipated strongest free cash generation in the second half of 2022, management expects free cash flow to increase quarter over quarter. However, Gold Fields will soon acquire Yamana Gold for \$6.7 billion. The South African mining firm aims to create the fourth-largest mining company in the world with the acquisition.

Winning growth stock

Wesdome Gold didn't disappoint growth investors, who currently enjoys an 8.95% year-to-date gain (\$12.54 per share). This \$1.78 billion intermediate gold producer is one of only four companies that made it to the TSX30 List from 2019 to 2021. It shares the honour with **Shopify**, **Ballard Power Systems**, and **Cargojet**.

Besides its producing underground mines in Ontario (Eagle River) and Quebec (Kiena Complex), Wesdome has a meaningful exposure in the Moss Lake deposit through its equity position in Goldshore Resources.

Stable gold prices

Carsten Menke, head of Next Generation Research at Julius Baer, said, "You have all the fears of rising recession risks and inflation providing quite a sound backdrop in terms of safe haven demand." While there's no gold rush yet, he believes that the price will remain relatively stable.

CATEGORY

1. Investing
2. Metals and Mining Stocks

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2. TSX:WDO (Wesdome Gold Mines Ltd.)
3. TSX:YRI (Yamana Gold)

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