



Should You Buy Barrick Gold (TSX:ABX) Stock on the Pullback?

Description

The recent correction in gold stocks has investors who missed out on the surge earlier this year wondering which gold miners might be [undervalued](#) now and good to buy for a self-directed [RRSP](#) portfolio. Let's take a look at **Barrick Gold** ([TSX:ABX](#))(NYSE:GOLD) to see if it deserves to be on your buy list.

Gold market outlook

Gold currently trades for US\$1,825 per ounce. This is still a very profitable price for Barrick Gold, and upside could be on the way for the metal through the end of 2022.

Gold is widely viewed as a safe-haven asset in times of economic and geopolitical turbulence. Economists are increasingly predicting a recession in 2023 or 2024 due to the aggressive interest rate hikes being put in place by the U.S. Federal Reserve to bring inflation back to its target of 2%. A deep economic downturn could drive more funds into gold.

On the geopolitical side, the war in Ukraine could last for much longer than expected, and any indication Russian might use nuclear weapons could send the price of gold soaring. Pundits are also concerned that China might attack Taiwan while Europe and the United States are focused on the war in Ukraine.

Another potential tailwind for gold could come from money moving out of [cryptocurrencies](#). **Bitcoin** recently dipped below US\$20,000 from the 12-month high above US\$65,000. Gold weakness in recent years has been partially attributed to investors shifting funds from the precious metal to the cryptocurrencies. The volatility in Bitcoin might push institutional investors to return to gold as an inflation hedge.

Barrick Gold stock price

Barrick Gold trades for \$24 per share at the time of writing. That's not far off the 12-month low near

\$22 and way down from the 2022 high of \$33.50. The pullback is due to a drop in the price of gold from above US\$2,000 per ounce in March, along with added pressure from the broader market correction.

Dividend

Barrick Gold has a strong balance sheet and is generating solid free cash flow that is going into the pockets of investors. The board raised the base dividend by 11% to a quarterly payout of US\$0.10 per share for 2022. The company also put a bonus plan in place that gives investors up to US\$0.15 per share in additional distributions each quarter depending on the net cash position at the end of each three-month period. For Q1 2022, the company announced an additional US\$0.10 per share.

Growth

The company owns six of the top 10 gold projects on the planet and continues to rebuild the resource base through successful exploration. Barrick Gold is also buying promising new development sites around the globe.

In addition, Barrick Gold operates large copper mines and recently confirmed plans to go ahead with another large copper development. The base metal trades for close to US\$3.70 per pound right now compared to US\$2 at the lows in 2020. It was above US\$4.75 earlier this year.

Copper demand should grow in the coming years, supported by the rising production of electric vehicles, solar panels, and wind turbines.

Time to buy?

Ongoing volatility should be expected, but Barrick Gold stock looks undervalued today. If you are a gold bull, this stock deserves to be on your radar.

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