



## 2 Gold Stocks That Could Be Ideal to Beat Inflation

### Description

Gold stocks in the [metals and mining sector](#) have a long-standing reputation for becoming popular among investors looking for safety nets during inflationary environments. Equity markets typically have a negative correlation with the price of gold.

Higher gold prices mean higher profit margins for gold-producing companies, translating to superior returns to investors with stakes in any mining companies with substantial cash flows from gold-related operations.

The rare yellow metal's price went as high as US\$2,000 per ounce early in March 2022. However, the subsequent months have seen its valuation decline. At writing, gold trades for US\$1,718 per ounce, reflecting a 14.1% decline from its March 2022 highs.

Gold prices have declined, despite persistent inflation, unlike what investors might expect. Tightening monetary policies by central banks in the U.S. and Canada through the U.S. Federal Reserve and the Bank of Canada (BoC) could be the reason for lower gold prices. However, the rare yellow metal's price might start rising soon.

S&P Global Market Intelligence's recent Commodity Briefing Service: Gold report indicated that gold investment sentiment increased in the last couple of months. The demand for gold looks likely to remain strong until year-end 2022 and sustain its momentum until 2026.

If you are worried about the impact of a consistently inflationary environment, I will discuss two gold stocks that could help you capitalize on the commodity's rising prices.

### Barrick Gold

**Barrick Gold** ([TSX:ABX](#))(NYSE:GOLD) is a \$35.24 billion market capitalization mining company that generates most of its revenue through its gold and copper mining operations. It is Canada's largest gold-producing company and is among the top global gold producers.

Barrick Gold stock trades for \$19.97 per share at writing, boasting a 2.56% dividend yield. It is down by 40.38% from its 52-week high. According to Mark Bristow, the company's president and CEO, the current share price does not reflect the company's inherent value.

Barrick Gold boasts a robust balance sheet and remains the top-tier asset among its peers in the metals and mining industry. It appears to be attractively priced, especially if gold prices go higher in the coming weeks and months.

## Mandalay Resources

**Mandalay Resources** ([TSX:MND](#)) is a \$212.92 million market capitalization natural resource corporation. It has gold-antimony operations in Australia and a gold mine in Sweden. It also has development projects in Canada and Chile. It is currently focusing on improving its operational efficiency and growing its production.

Mandalay Resources stock trades for \$2.34 per share at writing, reflecting a 39.37% decline from its 52-week high. The smaller-cap gold mining stock might not boast financials as strong as Barrick Gold, but its performance has been healthy.

The company's first-quarter results for fiscal 2022 showed a 146% growth in its adjusted net income compared to the same period in fiscal 2021. The company's president also reported that Mandalay Resources reached a net debt-free position. Higher gold prices could mean greater profit margins for the company due to its debt-free status, translating to greater returns for investors through capital gains.

## Foolish takeaway

Gold has always been a safety net, especially when equity markets become uncertain. Gold prices might shoot up again if the inflationary conditions persist, despite the interest rate hikes. It could make gold stocks far more valuable.

Barrick Gold stock is a go-to choice for investors seeking gold stocks amid inflation. Mandalay stock could also be an excellent bet for superior returns if you are willing to bet on a smaller-cap company in the industry.

### CATEGORY

1. Investing
2. Metals and Mining Stocks

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