



Barrick Gold Stock Looks Primed for Takeoff

Description

Precious metals are a great portfolio diversifier for Canadian investors of all ages. On the TSX Index, there's no shortage of gold miners that can help power your portfolio to solid, lowly correlated gains over the next 18 months. In the first half of 2022, it's been a bloodbath for the broader markets. Gold, silver, and other precious metals haven't shined as brightly as they could have, given their reputation for holding up in times of market turmoil.

Though gold prices are still in a bit of a rut, shares of their miners and streamers are under even more pressure. Gold producer **Barrick Gold** ([TSX:ABX](#))(NYSE:GOLD) is just one well-run firm that could be in for a correction to the upside over the next year or two, as contrarian investors begin to give gold (and other precious metals) the respect they deserve.

In an era of high inflation, profound uncertainties, rising interest rates, and a weakening economy, you'd think gold would be a heck of a lot higher than it is right now. At writing, gold prices are hovering around US\$1,800 per ounce. Though gold is starting to pick up a bit of traction after waning for most of the first half of the year, I still think many stocks involved with the asset class are at dirt-cheap multiples.

Indeed, gold has lost its lustre through the eyes of many young, risk-taking investors. Cryptocurrencies and other exotic instruments may have taken a bit of demand out of precious metals. However, as crypto winter takes hold, and market volatility continues to be the new norm, it's gold that could be poised for a move to new heights.

Barrick Gold: A glimmer of value on the TSX

Barrick Gold is one of my favourite miners on the TSX Index. The stock is down more than 11% year to date and around 47% from its all-time high of around \$40 per share. Today, the stock is attempting to stage a comeback after its nearly 50% haircut. With a swollen 2.41% dividend yield and a gold price that's beginning to really heat up, I wouldn't at all be surprised if Barrick makes up for lost time.

The company posted solid second-quarter results that saw EPS (earnings per share) numbers come in

at \$0.24, two pennies above the analyst consensus estimate of \$0.22. Revenue was at \$2.9 billion for the quarter — flat on a quarter-over-quarter basis. Indeed, the post-earnings reaction wasn't drastic, with shares climbing just north of 1.5% on the day due to the firm's prior pre-release of production and sales.

Though higher gold prices could prop up the stock, one must not ignore the firm's progress across various projects in the portfolio. In simple terms, Barrick is doing a lot right at the idiosyncratic level. And once the tides turn in its favour (higher gold prices), we could see the stock surge to much higher levels.

With a low 0.12 beta (below one means less volatile than the TSX), Barrick is likely to move higher under its own power when the time comes, even while the rest of the market [sags](#).

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