



2 Gold Stocks to Buy in 2022

Description

Gold stocks are some of the most coveted “hedges” against poor market conditions. But that’s not the only thing these stocks are good at. If you time your entry and exit in the right gold companies efficiently, you may experience market-beating returns in a relatively short time.

Sometimes, it may align with inflation, depression, or recession. In other cases, it may simply result from the internal dynamics of the gold or broader metal and mining sector.

A Jersey-based gold company

Centamin ([TSX:CEE](#)) is a cross-listed company that trades on the Canadian and U.K. stock markets. It’s headquartered in Jersey, a self-governing Crown dependency near France. And it operates primarily in Africa, with a mine and an exploration project in Egypt. The mine in Egypt was the first of its kind (large-scale, modern), and it produced over 415,000 ounces in 2021 alone.

This is an indication of Centamin’s potential as a gold producer. Despite being a mid-cap gold company, it has a decent production number and a relatively bright future. The Egypt mine alone is good for another 12 years. And the quantity of inferred resources in its other projects is also quite promising.

Centamin stock has gone through three primary growth cycles in the last 15 years — the most recent of which was the spike driven by COVID.

Right now, the stock is trading at its lowest price since 2015. And at this heavily discounted state, it may be poised for a robust recovery when the gold stocks, or the entire pool of [metal and mining stocks](#), start going up at a decent pace.

It’s currently offering a robust 7.5% yield, but its payouts vary drastically from year to year. They both surge up and go down.

A Toronto-based gold company

Another gold company that you might consider investing in for its dividends and the growth potential that may manifest with a sector-wide recovery is **Centerra Gold** ([TSX:CG](#)). The company is headquartered in Toronto and has two main projects: one in Canada and one in Turkey.

Its mining operations cover both gold and copper. The company is also interested in several exploration projects in more than the two countries it already operates in.

The proven reserves in the Canadian mine (Mount Milligan) are pretty significant. The Turkey mine, even though not on par with its Canadian counterpart, has decent inferred reserves.

Centerra Gold stock has seen two different types of growth in the past decade. It's had an unsteady growth phase over four years. And in the last five years, it has seen two relatively fast growth phases — only one of which was driven by the pandemic. So, in the right market, the stock is likely to go up, especially from its heavily discounted state. The dividend yield is also up to 5%.

Foolish takeaway

The gold [bear market](#) might come to an end soon, or it may keep on going for a long time. If you can buy them discounted and hold on to them for long enough, the chances of decent capital growth are quite high. Meanwhile, you can enjoy the dividends the two gold stocks offer.

CATEGORY

1. Investing
2. Metals and Mining Stocks

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2. TSX:CEE (Centamin plc)

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