



B2Gold Stock: How High Could it Go in 2023?

Description

All throughout 2022, many Canadian stocks struggled. For some companies that are higher risk or more discretionary, this made sense as rapidly surging inflation was weighing on consumers' budgets. For other industries, though, such as gold stocks, which are largely seen as safe-haven assets, the struggle was more surprising. Even some of the top gold producers, like **B2Gold** ([TSX:BTO](#)) stock, lost value.

Although investors often buy [gold stocks](#) in times of uncertainty, there were several factors that led to their underperformance in 2022.

For example, as interest rates are rapidly rising, gold as an asset becomes less appealing, because owning the precious metal doesn't provide investors with a yield, while stocks or bonds do. Therefore, as yields are increasing, gold will often fall out of favour.

So, while seeing gold underperform in this uncertain environment may seem surprising, looking at how gold has traded historically, it actually makes a lot of sense.

Now that interest rates look like they could be peaking, though, and inflation appears to be moderating, gold prices can now start to rally again, which is exactly what we've seen the last few months.

Today, spot gold prices reached an eight-month high, and since November 3, a little over two months ago, the price of gold has gained 15%. Furthermore, over that stretch, B2Gold stock has gained an incredible 37%.

So, with a recession almost certainly on the horizon and higher interest rates here to stay for some time, let's look at just how high B2Gold stock can go in 2023.

Why is B2Gold one of the top companies to buy in the gold industry?

B2Gold is one of the top gold stocks to add to your watchlist or buy for the long haul for several

reasons, but mainly because it's one of the lowest-cost producers in Canada. Having low-cost operations give producers a big advantage.

These companies can remain profitable longer than their peers when prices are falling. And when prices rise, they can often earn more profit, because their [margins](#) are more significant.

In addition to B2Gold's low-cost operations, though, the stock also has a strong record of execution. It constantly meets its guidance for production and is consistently increasing its production from year to year. This has allowed B2Gold to become one of the best gold stocks you can buy.

Furthermore, in addition to its execution and low-cost operations, B2Gold is also in excellent financial shape. B2Gold has very little debt and actually has a net cash position. This makes its dividend ultra-safe and allows B2Gold the opportunity to look to expand its operations or buy back stock.

Furthermore, the dividend it pays, which currently yields roughly 4.1%, is one of the best dividends in the gold space.

In addition to the quality of B2Gold stock and its operations, though, it's also still quite cheap after the major selloff it saw, particularly in the middle of 2022. This gives B2Gold considerable upside, especially if the price of gold can continue to rebound.

How high can B2Gold stock go in 2023?

As of Friday's close, B2Gold was trading at an enterprise value (EV) to earnings before interest, taxes, depreciation, and amortization ([EBITDA](#)) ratio of just 3.3 times. That's well off its three- and five-year averages of 3.95 and 4.55 times, respectively.

This makes sense, since the stock and the gold industry altogether were out of favour for much of 2022. Now that the industry has momentum, though, B2Gold has considerable upside.

While the stock has rallied and now sits roughly 37% above its 52-week low, it's still nearly 20% off its 52-week high of \$6.39. Furthermore, of the seven analysts that cover B2Gold, six rate the stock a buy with one hold. Additionally, the stock has an average analyst target price of \$7.61 — a more than 40% premium from where it trades today.

Therefore, if you're looking for a high-quality stock to buy now that has momentum, trades cheaply and offers an attractive dividend yield, B2Gold is certainly one of the top investments Canadians can make today.

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