



TSX Gold Stocks Could Change Course in 2023: Here Are the 2 Top Bets

Description

The yellow metal has been rising for the past couple of months, and the momentum could continue in 2023. Unlike last year, gold and TSX gold miner stocks might remain in focus due to several supporting factors this year.

Gold and TSX gold miner stocks in 2023

One of them has been the decline in the U.S. dollar. To be precise, the U.S. dollar has dropped nearly 10% since mid-October 2022, and the bullion has gained almost 12% in the same period. Canadian gold miner stocks have rather outperformed the yellow metal since October 2022. So, if you have not invested in the bullion or in the allied areas, this could be the time to buckle up.

The U.S. dollar skyrocketed last year after the Fed rapidly increased its benchmark interest rates. The U.S. Treasury yields turned supremely attractive and attracted capital, making gold lose its sheen.

However, things might reverse to some extent in 2023. The rate-hike cycle might pause or reverse this year if the macro picture somewhat calms. Inflation will likely trend lower, probably in the second half of 2023, which might force central bankers to change their stance.

Gold will likely be the place to go then amid recessionary pressures and easing inflation. Canadian gold miners will move higher due to their higher correlation with the bullion and expected higher earnings growth.

Top two TSX gold stocks

TSX gold miner stock **B2Gold** ([TSX:BTO](#)) is well positioned to benefit from the higher gold prices. It is expected to produce a million ounces of gold in 2022. B2Gold operates high-quality, low-cost mines in Africa and has seen consistent production growth in the last few years. Moreover, it has a strong balance sheet with a debt-to-equity ratio of two.

BTO stock has returned 25% since October and 8% in the last 12 months. Despite the surge, it is trading 15 times its 2023 earnings and looks appealing from a valuation standpoint. It could soar higher, as its quarterly earnings improve amid higher gold prices.

Another pick among TSX gold names is **Wheaton Precious Metals** ([TSX:WPM](#)). It is a streamer and differentiates from conventional miners on a few fronts. Streamers do not own mines but they pay upfront fees to third parties to dig mines against a share in the harvest. Thus, streamers are relatively less-risky options, as they have little or no exposure to operational or political risks.

WPM stock has jumped 30% in the last three months and has notably beaten peer [TSX gold stocks](#). Wheaton has also outperformed conventional miners on the financial growth front in the long term. Thus, WPM trades at a premium [valuation](#) and could continue to outperform.

Conclusion

TSX gold stocks look attractive, as markets might keep trading highly volatile in 2023. If central banks change their position later this year, the bullion and miner stocks will likely gain their sheen and regain grace.

CATEGORY

1. Investing
2. Metals and Mining Stocks

TICKERS GLOBAL

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2. TSX:WPM (Wheaton Precious Metals Corp.)

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