



## Barrick Gold Stock Gained 15% in January—Is It a Buy Today?

### Description

As the policy tightening cycle seems on the verge of slowing down, markets have seen an encouraging up move so far this year. Almost all sectors, including tech, energy, and even gold, have trended higher recently. The move in the yellow metal is quite special because of its underperformance last year and handsome prospects for 2023. Gold has gained 15% since October last year. In comparison, the world's second-biggest gold miner **Barrick Gold** ([TSX:ABX](#)) stock has gained nearly 30%.

### Gold prices and TSX gold miner stocks

Barrick Gold is a \$43 billion company that produced 4.1 million ounces of gold last year. More than 90% of its revenues are derived from gold, and the rest comes from copper. However, the company is seeing a consistent decline in its gold production in the last few years.

In the last 10 years, revenues have dropped by 2%, and normalized net income has declined by 8%, compounded annually. Although ABX stock has moved higher of late, it has disappointed investors in the long term. It has returned 47% in the last five years and -10% in the last 10 years, including dividends.

While some of the operational challenges might weigh on its production, rallying gold prices could provide some respite. Calming inflation has already hinted that interest rate hikes will likely slow down after mid-2023.

If the rate hike cycle pauses, traditional defensives like bullion will be in the limelight. That's because the recession is expected this year as the aftermath of record-high inflation and rapid rate hikes. Moreover, Treasury yields will lose their sheen and could revert to the mean. This bodes well for gold and [TSX gold miner stocks](#).

### What to expect from Barrick Gold in Q4 2022?

Barrick Gold will release its fourth-quarter earnings on February 15. The premise is already set with its

lower production numbers for the quarter. It produced 1.1 million ounces of gold for the quarter that ended on December 31, 2022. This was an 8% drop compared to Q4 2021.

Its gold production came in below guidance and also marked the lowest in the last 22 years. Operational issues like repairs and upgrades at its mines in Nevada and Papua New Guinea drew the production numbers lower last year.

ABX stock is currently trading at a price-to-earnings valuation of 23x and does not look too appealing from a [valuation](#) perspective. How the stock plays out in its upcoming earnings report remains to be seen. It is still trading 36% lower than its 52-week high in April last year.

## Should you buy ABX stock?

Barrick Gold's earnings could hinder its stock performance. However, the bright outlook for the yellow metal could protect ABX stock from a big drawdown.

In comparison, peer **B2Gold** ([TSX:BTO](#)) is a relatively attractive bet. It is a smaller peer and a Canadian gold miner with an annual production of around a million ounces. Its production has notably increased and fueled strong profitability in the last few years.

BTO stock is trading at 21 times its earnings and is discounted compared to ABX. Apart from lower leverage, it pays stable dividends, implying a much stronger balance sheet.

Gold will likely continue to trade strong this year. Miner stocks tend to move in correlation with the yellow metal. Additionally, a potential earnings boost might drive TSX gold names higher. Nonetheless, BTO looks like a better bet compared to ABX.

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