

The Top 3 Gold Stocks to Consider Now

There's still plenty of upside ahead for gold.

In fact, according to Goldman Sachs, it could still see \$2,500 this year – especially with fears of a potential recession. Also, according to Jeff Currie, Goldman Sachs global head of commodities research, as quoted by Bloomberg, “It’s a perfect storm for gold right now.”

“There’s three legs to this story. One, you have strong investor demand for gold over concerns about inflation, recessions, downturn in places like Europe. The second leg is central bank buying... and with the situation in Russia, they’re likely to accumulate dollar in reserves they can’t do anything with. What can they do with it? Buy gold. Then you have central banks in places like China and Turkey diversifying for de-dollarization reasons. Then you have diversification reasons in places like Brazil and India.”

With plenty of uncertainty in coming months, investors are likely to buy more gold to hedge against issues such as rising inflation, geopolitical issues, and potential economic downturns.

So, where should we invest?

Opportunity No. 1 – Barrick Gold (GOLD)

Barrick Gold is one of the biggest companies in the gold industry.

Operating mines and projects in 18 countries in North and South America, Africa, Papua New Guinea and Saudi Arabia, its portfolio spans the world’s most prolific gold districts in the world.

The company, which expects to produce about 4.5 million ounces of gold per year through 2030, recently beat earnings expectations, set a \$1 billion stock buyback, and raised its dividend to 20 cents from 10 cents. Net earnings were up to \$726 million, or 41 cents a share from \$685 million, or 39 cents year over year. Revenue jumped about 1% to \$3.31 billion, beating estimates for \$3.2 billion.

President and chief executive Mark Bristow said the Company’s net cash balance at the end of Q1 stood at \$743 million, reflecting cash flow from the operations, the continuing sale of non-core assets, and its share of a further \$0.6 billion in cash distributions.

Opportunity No. 2 – VanEck Vectors Gold Miners ETF (GDX)

One of the best ways to diversify at less cost is with an ETF, such as the VanEck Vectors Gold Miners ETF (GDX). Not only can you gain access to some of the biggest gold stocks in the world, you can do so at less than \$33, as of May 31, 2022.

With an expense ratio of 0.51%, the ETF holds positions in Newmont Corp., Barrick Gold, Franco-Nevada, Agnico Eagle Mines, Gold Fields, and Wheaton Precious Metals to name a few. Since the start of 2022, the ETF ran from a low of about \$29 to about \$40. With gold still strong, we’d like to see the GDX ETF closer to \$45 in 2022.

Opportunity No. 3 – Newmont Corporation (NEM)

With a dividend yield of 3.2%, Newmont Corporation is another one of the industry’s largest gold companies. It also blew earnings out of the water, with Q4 2021 EPS of 78 cents, beating estimates by a penny. Revenue came in at \$3.39 billion beating expectations by \$13.58 million.

"Newmont has maintained its position as the world's leading gold company with the strongest portfolio of operations and projects in top-tier jurisdictions. In 2021, Newmont generated more than \$2.6 billion in free cash flow and \$6.0 billion in adjusted EBITDA while advancing our most profitable near-term projects and returning a record \$2.3 billion to shareholders," said Tom Palmer, President and Chief Executive Officer.

In addition, Jefferies analyst Christopher LaFemina also raised the firm's target on NEM to \$72 from \$67. Bank of America also raised its price target to \$75 from \$70, with a buy rating. All as "Newmont's capital allocation priorities remain intact, including reinvesting in the business and maintaining a strong balance sheet," said the firm, as noted by TheFly.com.