

07:13 12 Oct 2018

Fear bolsters gold stocks as volatile markets generate safe-haven buying

Pervasive fear of a market rout is driving shares of major gold companies higher as investors flee to the traditional safe haven of the yellow metal, data compiled by Proactive Investors showed Thursday.

From South Africa to Canada, the United States to Australia, stocks of the biggest gold producers in the world lifted higher one day after the Dow Jones Industrial Average posted its third-biggest single-day point loss in history as the index dove 830 points during the session.

Barrick Gold (TSX:ABX) stock climbed 9.76% to settle at C\$16.475. Barrick was ranked as the biggest gold mining company in the world in 2017, according to specialist website Mining.com. Goldcorp Inc (TSX:G) saw its shares in Toronto climb 7.42% to close at C\$14.18.

Like most major gold companies, the two have their shares also listed in New York.

Goldcorp (NYSE:GG) stock in New York was up 6.92% to finish at US\$10.81 while those of Barrick (NYSE:ABX) jumped 9.57% to end at US\$12.60.

"Gold is finding a bit of support from the global sell-off seen in equities. If this (sell-off) persists, we will start seeing more of a move to gold as a safe-haven asset," ING analyst Warren Patterson said in a report by Reuters.

READ: US economic strength has been purchased at the price of a massive monetary expansion, which in turn puts a floor on the gold price SPDR Gold Shares (NYSE:GLD), the largest physically backed gold exchange-traded fund in the world, was 2.52% higher to end at US\$115.72.

South African gold company DRDGold Ltd's (NYSE:DRD) US-listed shares added 4.48% to settle at US\$2.33.

In South Africa, AngloGold Ashanti Ltd (JSE:ANG) (NYSE:AU) stock jumped 9.18% to close at 13,688 rand. The stock of the third-biggest world miner in New York rose 9.52% to settle at US\$9.66.

Gold Fields Ltd (JSE:GFI) (NYSE:GFI) rose 6.95% to finish at 3,860 rand. In New York, the stock closed up 6.27% to US\$2.80.

READ: Barrick Gold and Randgold Resources merge to create world's largest gold miner but questions still remain In the US, shares of Denver-based Newmont Mining (NYSE:NEM) went up 7.04% to end at US\$32.71. The company is ranked as the second biggest gold mining company in 2017.

Stock of Kinross Gold Corp (TSE:K) (NYSE:KGC) in Canada gained 4.31% to conclude at C\$3.87 while rising 4.59% to end at US\$2.96 in New York.

Price: C\$16.45

Market Cap: C\$28820.1M

1 Year Share Price Graph



Share Information

Code: ABX

Listing: TSX

52 week High Low
C\$19.49 C\$12.54

Sector: General Mining - Gold

Website: www.barrick.com

Company Synopsis:

On 1 January 2019 a new Barrick was born out of the merger between Barrick Gold Corporation and Randgold Resources. Shares in the new company trade on the NYSE (GOLD) and the TSX (ABX).

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Newcrest Mining Ltd (ASX:NCM) (OTC:NCMGY) was the only stock so far on Thursday not to post gains as it ended in Australia nearly flat at A\$19.30, off A\$0.01 for the day. In New York, the share was up 3.46% to close at US\$14.12.

"Rising US yields and general strength in the dollar have meant that investors have largely ignored gold. But people are seeing fairly good value at current levels on the back of some macro concerns," Patterson said.

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