

NovaGold Resources Inc

08:28 30 Mar 2020

Equities offer far greater leverage in a rising gold market, and share prices are already on the move

The gold price has hit record highs in several currencies in recent days, including the British pound, Canadian dollar, South African rand, and the Australian dollar. It's also recovered much of the ground lost in US dollar terms when investors sold heavily to cover losses elsewhere in the market. That selling is now abating, and the buyers are coming in for gold again, seeking the traditional safe haven.

That means that the companies that find and produce the gold are set to benefit too, a process that is already getting underway.

For those that are able to continue production and development work - and at this stage, there are many - a high gold price combined with ongoing low fuel prices means that the opportunities for wider margins are considerable.

But why is it worth looking at these companies, rather than just taking a speculative position in a gold ETF?

The answer is that the leverage to the upside is greater, albeit that the risk is too. With a gold ETF you don't get the benefits to the margin of lower oil prices and higher gold prices - all you get are the daily moves in the price itself. Thus, a rise in the gold price such as we've seen in the past couple of weeks, as gold moved from below US\$1,500 to above US\$1,600 amounts to a rise of slightly less than 7%.

The US\$48bn Barrick Gold (NYSE:GOLD, TSE:ABX) has enjoyed a 25% jump in its share price since six-month lows hit a week ago. That kind of action just doesn't happen on the gold market itself, however wild the commodities markets are at the moment.

And it means that those on the lookout for big gains will always still look to the gold equity markets.

Price: 23.5

Market Cap: \$41.79 billion

1 Year Share Price Graph



Share Information

Code: GOLD
Listing: NYSE
52 week High: 31.22
52 week Low: 13.01

Sector: Gold & silver

Website: www.novagold.com

Company Synopsis:

NovaGold is a precious-metals mining company with a 50% stake in the Donlin gold project in Alaska. .

action@proactiveinvestors.com

Proactive Investors facilitate the largest global investor network across 4 continents in 4 languages. With a team of analysts, journalists & professional investors Proactive produce independent coverage on 1000's of companies across every sector for private investors, private client brokers, fund managers and international investor communities.

Contact us +44 (0)207 989 0813 action@proactiveinvestors.com

No investment advice

The Company is a publisher. You understand and agree that no content published on the Site constitutes a recommendation that any particular security, portfolio of securities, transaction, or investment strategy is suitable or advisable for any specific person. You understand that the Content on the Site is provided for information purposes only, and none of the information contained on the Site constitutes an offer, solicitation or recommendation to buy or sell a security. You understand that the Company receives either monetary or securities compensation for our services. We stand to benefit from any volume which any Content on the Site may generate.

You further understand that none of the information providers or their affiliates will advise you personally concerning the nature, potential, advisability, value, suitability or profitability of any particular security, portfolio of securities, transaction, investment, investment strategy, or other matter.

You understand that the Site may contain opinions from time to time with regard to securities mentioned in other products, including Company-related products, and that those opinions may be different from those obtained by using another product related to the Company. You understand and agree that contributors may write about securities in which they or their firms have a position, and that they may trade such securities for their own account. In cases where the position is held at the time of publication and such position is known to the Company, appropriate disclosure is made. However, you understand and agree that at the time of any transaction that you make, one or more contributors may have a position in the securities written about. You understand that price and other data is supplied by sources believed to be reliable, that the calculations herein are made using such data, and that neither such data nor such calculations are guaranteed by these sources, the Company, the information providers or any other person or entity, and may not be complete or accurate.

From time to time, reference may be made in our marketing materials to prior articles and opinions we have published. These references may be selective, may reference only a portion of an article or recommendation, and are likely not to be current. As markets change continuously, previously published information and data may not be current and should not be relied upon.

The Site does not, and is not intended to, provide investment, tax, accounting, legal or insurance advice, and is not and should not be construed as providing any of the foregoing. You should consult an attorney or other relevant professional regarding your specific legal, tax, investment or other needs as tailored to your specific situation.