



There's Still Time to Get Out of Teck Resources Ltd.

Description

Looking back over the past year, shareholders of **Teck Resources Ltd.** ([TSX:TECK.B](#))([NYSE:TECK](#)) have been the generous benefactors of a significant amount of wealth creation. Hitting a low of \$3.65 on January 13, shares rallied to a high of \$35.67 on November 28. The total return from the lowest price to the highest price of the year is an incredible 877% increase in value!

Similar to mother nature, the stock market can be one's best friend during good times, but it can also be incredibly destructive. After close to 11 months in the sun, certain investors chose to jump into the pool on what seemed to be a beautiful day and purchase shares of Teck in the hopes of seeing the sun continue to shine. As we all know, however, the sun eventually goes down, and stocks decline in value.

In the past month, shares have declined from a high of \$35.67 to a current price of approximately \$27.25—a decline of 23.6% for an investor who purchased at the peak. Although this would not be a great result in a sideways or even a down market, the reality is, this result is absolutely awful. The TSX Exchange has increased in value; it was 15,064 points at open on November 28 and it closed at 15,252 points on December 16. The change has been an increase of 1.25%.

With tangible book value of \$26.65 per share, it is understandable why an investor would want to own the shares at any price up to \$26.65; they hope to make profit from the difference. Anyone buying at a price above \$26.65 per share is either following the crowd or is an incredible optimist about the future prices of commodities.

At a current price of approximately \$27.25, the stock may be very close to fairly valued, offering very limited upside to new investors, barring a significant increase in the price of commodities.

In case we've forgotten, this time of the year is not only about receiving. It's called the time of giving for a reason. In the case of Teck, investors have given back quite a bit. At current levels, the stock is trading on a clear downtrend without any sort of regular dividend to act as a base price for the shares. In certain cases, if the dividend yield reaches a number like 3% or 4% depending on the industry, a floor price could form for the stock price.

For long-time investors of Teck Resources Ltd., it might be time to allow fresh players onto the field. After all, you've been winning for 11 of the past 12 months.

CATEGORY

1. Investing
2. Metals and Mining Stocks

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2. TSX:TECK.B (Teck Resources Limited)

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