



Invest in What Canada Is Known for

Description

Over the past several weeks, gold has been an interesting story for long investors. Taking shares of **Goldcorp Inc.** (TSX:G)(NYSE:GG) as an example, investors have enjoyed a rally over both the past few weeks in addition to a longer rally which saw shares rise from a price near \$16 to over \$21 in fewer than six months.

Shares of other resource companies have seen great runs, such as **Teck Resources Ltd.** ([TSX:TECK.B](#))([NYSE:TECK](#)) which, over the past year and a half, increased from a low near \$4 per share to over \$35. It would seem investors are beginning to invest in Canadian companies with the knowledge of Canada's very rich natural resource inventory. The question is, of course, what company could break out next?

Currently, shares of Teck are trading near \$28 per share, which seems to be close to fair value. The company carries tangible book value on the balance sheet of approximately \$27.85, and the technical indicators show that shares have traded sideways for about four to six months. Investors may not have huge upside to look for, but they may still enjoy average returns in this resource producer.

Looking again at shares of Goldcorp, the miner has enjoyed a positive return over the past four months, but it's been almost flat for the past year. Shareholders looking to hedge by purchasing shares in a gold miner may have been successful depending on when they made the purchase, but the question remains: "What will break out next?"

For investors looking for a security which has been stuck in the basement for some time, the potash industry may offer a winner. Shares of **Potash Corporation of Saskatchewan Inc.** (TSX:POT)(NYSE:POT) have traded down for close to five years and have done nothing for investors over the past year. Although the past six months saw the company break out above the previous support level of \$20 per share to a high just shy of \$27, shares have since settled around the \$23 range.

Although there is not a high expectation of any large price movements until after the mega potash merger between Potash Corporation and **Agrium Inc.** (TSX:AGU)(NYSE:AGU), shares may still offer

Canadian investors great value. Investors looking for a mining/farming play may be best to consider a potash company whose consumers have significant utility for the product being sold.

With the expectation of only one mega potash producer to serve the country, the hope for investors is that the pricing power will remain with the seller and not the consumer. Potentially, the large excess profits in the industry will return, and shareholders will have a lot to be happy about.

CATEGORY

1. Investing
2. Metals and Mining Stocks

POST TAG

1. Editor's Choice

TICKERS GLOBAL

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

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Author

ryangoldsman

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