



Why 2018 May Be the Year of Resources!

Description

Shortly after Christmas, oil rose to more than US\$60 per barrel, and investors rejoiced in what was clearly a Christmas present.

The catalyst for the 2.5% increase was an explosion which impacted a pipeline around Libya. The explosion has had a material impact on the supply/demand dynamics of the market. Although US\$60 per barrel is nothing we haven't seen before, it must be noted that this price is the highest we've seen for oil since July 2015.

Oil is not the only resource to move around; the volatility of Bitcoin has made almost everyone seasick due to the insane fluctuations that have been ongoing for close to one month. As a result, investors are coming back to gold in droves, as the shiny metal, which has traditionally offered a place to hide amid global uncertainty, has not lost its place. Although gold may have fallen out of style for a few years, there are certain things that never change. Gold will maintain its value when adjusted for inflation over the long term.

For investors seeking ways to benefit from this move up in resources, shares of **Barrick Gold Corp.** ([TSX:ABX](#))([NYSE:ABX](#)) are now trading near a 52-week low at close to \$18.50 per share and are yielding close to 1% on an annual basis.

After this large player, investors can consider **Eldorado Gold Corp.** ([TSX:ELD](#))([NYSE:EGO](#)), as the company, which currently trades at less than \$2 per share, saw a 52-week high in excess of \$5. Should gold prices go on a bull run, investors willing to take the risk will, without a doubt, be [handsomely rewarded](#). As of the most recent financial statements, the company boasted tangible book value of \$4.49 and currently has a market capitalization of no less than \$1.35 billion.

When considering oil as an investment, shares of **Canadian Natural Resources Limited** ([TSX:CNQ](#))([NYSE:CNQ](#)), which currently trade at \$44, offer investors a dividend yield of 2.5%, as the company's operations are well diversified across the globe. With a market capitalization of \$53 billion, this is one of the country's largest oil players to hold as the oil sector heads up.

For those seeking a higher risk/reward alternative, shares of **Baytex Energy Corp.** ([TSX:BTE](#)

)(NYSE:BTE) are a steal at a price close to \$3.50 per share. The company, which is in the oil and natural gas markets, carries a beta in excess of three as shares regularly seesaw, forcing investors to shoulder a significant amount of risk. The good news, however, is that with higher risk comes higher reward.

Long-term investors are ready for a rising tide to lift all boats in the coming year, as the price of oil and gold seem to have shed the negative momentum which has plagued them for several years.

In spite of what many new (and very vocal) investors believe, the truth is that things such as Bitcoin that have exploded and made some investors quite wealthy will falter once again and history will repeat itself — both [the good and the bad](#).

CATEGORY

1. Energy Stocks
2. Investing
3. Metals and Mining Stocks

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2. NYSE:CNQ (Canadian Natural Resources)
3. NYSE:EGO (Eldorado Gold Corporation)
4. TSX:ABX (Barrick Mining)
5. TSX:BTE (Baytex Energy Corp.)
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