



## Base Metals Start the Year Strong: Look to These 3 Stocks

### Description

Zinc, lead, and copper stocks rolled off an impressive 2017, as base metals soared over the course of the year. I'd [recommended](#) that investors should be holding zinc and lead mining companies going into 2018.

Zinc prices hit a 10-year high to start 2018 with supply-side issues continuing to fuel its rise. Lower mine supply and falling stockpiles have boosted prices, but the Philippines and others are starting to ramp up production. A strike at the **Noranda Income Fund** processing facility in Quebec has also sparked anxiety over the flow of refined zinc. Increasingly, experts and analysts are bullish on zinc with only a recession seen as a risk to its run.

Lead prices reached a three-month high on January 3 with investors expecting shortages and strong demand to start the year. North America has experienced one of the most severe cold snaps in recent memory, which could result in increased car battery failure and thus bigger demand for replacements.

Let's look at three stocks that could benefit from the good news for zinc and lead to begin 2018.

#### **Hudbay Minerals Inc.** ([TSX:HBM](#))([NYSE:HBM](#))

Hudbay is a Toronto-based producer of zinc and copper, along with small production in [gold and silver](#). Copper prices have also climbed to four-year highs to begin 2018. Hudbay stock has already jumped 2.9% in the first trading week of 2018 as of close on January 3. The stock climbed 46% in 2017.

Hudbay released its third-quarter results on November 1. It saw a 24% increase in its operating cash flow to \$154 million and posted a 5% rise in its zinc production. Revenues rose to \$370 million from \$311 million in the prior year, and profit jumped to \$40.9 million from \$33.5 million. The stock also offered a modest dividend of \$0.01 per share with a 0.1% dividend yield.

#### **Lundin Mining Corporation** ([TSX:LUN](#))

Lundin is a Toronto-based company with operations in North America, Europe, and Africa. Hudbay attempted to acquire Lundin in 2008. Shares of Lundin increased 28% in 2017.

The company released its third-quarter results on October 25. Sales rose to \$601.7 million in comparison to \$374.5 million in Q3 2016. Lundin posted net earnings of \$156.6 million compared to a net loss of \$7.1 million in the prior year. Lundin reported between 199,000 and 209,000 tonnes of copper production, between 20,000 and 23,000 tonnes of nickel, and between 147,000 and 153,000 tonnes of zinc in the quarter.

### Capstone Mining Corp. ([TSX:CS](#))

Capstone is a Vancouver-based miner, with its main focus on copper. Its stock has climbed 4.8% in the first two days of trading in 2018. Shares rose 14% in 2017. In the third quarter, Capstone reported revenues of \$145.9 million compared to \$139.9 million in the third quarter of 2016. The company reported copper production of 22,026 tonnes in the quarter. Capstone is a nice cheap option for investors wanting to jump on the base metals bandwagon as we begin 2018.

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1. Investing
2. Metals and Mining Stocks

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1. Editor's Choice

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2. TSX:HBM (Hudbay Minerals Inc.)
3. TSX:LUN (Lundin Mining Corporation)

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