



## IMF Boosts Growth Projections as U.S. Dollar Weakens: Look to These Commodity Stocks Now

### Description

The International Monetary Fund (IMF) rose its forecast for global growth ahead of the World Economic Forum (WEF) in Davos, Switzerland. The new forecast has projected global growth to reach 3.9% in 2018 and 2019. Canadian growth projections were also boosted to 2.3% and 2% in 2018 and 2019, respectively.

What is particularly encouraging about the IMF report is the broadening of growth. In the report, 120 economies posted growth in 2017, which made up three-quarters of economic activity worldwide. The atmosphere among attendees at the WEF in Davos has been jubilant, especially compared to the dour proceedings that followed a tumultuous political year in 2016.

The IMF stated that the Tax Cuts and Jobs Act signed in by the Trump administration will temporarily boost growth. However, it has also warned that the current upswing “is unlikely to last for long.” The two largest economies propelling growth — the United States and China — will see expansion curbed in the years to come. China is tightening credit policy in a bid to strengthen its financial system, and in the U.S. wage growth and inflation remains a concern, while tax reform will provide a short-term stimulus.

Though the mood was positive, some CEOs went as far to compare the optimism to that in the pre-recession period. In any case, investor sentiment should remain strong in the short term, even as geopolitical flashpoints emerge in the Middle East and Asia. With this in mind, market watchers should continue to [hold on to commodity stocks in 2018](#).

Lead, nickel, and zinc surged to multi-year highs on January 25 after comments from U.S. Treasury secretary Steven Mnuchin sent the U.S. dollar plunging to three-year lows. Lead reached its highest point — \$2,630 a tonne before inching down — since August 2011. The spot price of nickel reached its highest point since 2015, and [copper rose](#) to \$7,145, which was still below its December 2017.

**Teck Resources Ltd.** ([TSX:TECK.B](#))([NYSE:TECK](#)) is a Vancouver-based metals and mining company. It primarily produces steel-making coal, copper, and zinc, but it also offers secondary

products like silver, gold, lead, and others. The stock has climbed 10.2% in 2018 as of mid-afternoon trading on January 25. The company released its 2017 third-quarter results on October 26.

Adjusted profit in Q3 2017 was \$621 million, or \$1.08 per share, compared to \$152 million, or \$0.26 per share, in the prior year. The company also announced a modest quarterly dividend of \$0.05 per share, representing a 0.5% dividend yield.

**Lundin Mining Corporation** ([TSX:LUN](#)) is a Toronto-based mining company which produces copper, zinc, and nickel in North America, South America, and Europe. The stock has increased 7% in 2018. On January 16, Lundin announced preliminary production results and stated that its full fourth-quarter, and 2017 results will be posted on February 15.

Lundin reported that it achieved quarterly and full-year production guidance for all metals. Its Zinkgruvan mine posted its highest quarterly zinc production in seven quarters. Lundin also last offered a quarterly dividend of \$0.03 per share with a 1.3% dividend yield.

## CATEGORY

1. Investing

## POST TAG

1. Editor's Choice

## TICKERS GLOBAL

1. NYSE:TECK (Teck Resources Limited)
2. TSX:LUN (Lundin Mining Corporation)
3. TSX:TECK.B (Teck Resources Limited)

## PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

## Category

1. Investing

## Tags

1. Editor's Choice

## Date

2025/08/18

## Date Created

2018/01/26

## Author

aocallaghan

default watermark