



## The Improved Outlook for Copper Makes Now the Time to Buy This Miner

### Description

The global economic upswing continues to fuel [firmer metals prices](#), especially with supply failing to keep up with demand. The prolonged slump in base metals prices forced miners to slash spending, curtailing exploration and mine development activities, leading to a lack of new sources of supply. Copper, a key indicator of global economic health because of its use in a broad range of industrial applications, is trading close to its highest price since late 2014.

There is every indication that higher copper prices are [here to stay](#), making it, in the eyes of some analysts, a superior investment to gold. This bodes well for copper miner **First Quantum Minerals Ltd. (TSX:FM)**, which saw its stock surge by 47% over the last year.

### Now what?

First Quantum finished 2017 on a solid note, reporting record copper production of 573,963 tonnes, which was 6% higher than a year earlier. This saw the miner report sales revenues that were 24% higher year over year and a 20% increase in comparative EBITDA. That can be directly attributed to higher copper prices with First Quantum's averaged realized price per pound of copper sold for 2017 3% higher than 2016.

With copper now trading at almost US\$3.13 a pound and set to move higher, First Quantum's earnings will keep growing over the course of 2018. While the red metal is responsible for 85% of First Quantum's earnings, the miner will also benefit from higher gold, nickel, and zinc prices.

For 2018, copper output is forecast to grow by nearly 3%, which, along with firmer copper prices and flat costs, should give First Quantum's earnings and bottom line a solid lift.

First Quantum has also focused on restructuring and strengthening its balance sheet. It has a well-laddered debt profile with most of its debt falling due in 2021 and thereafter. The miner finished 2017 with a massive US\$2.2 billion of liquidity comprised of US\$700 million on cash and available credit totaling US\$1.5 billion.

The all-important Cobre Panama mine development, which is 73% complete, is on track to commence

production in 2021 with forecast copper output of 310,000 to 330,000 tonnes annually. During 2017, First Quantum boosted its interest in the project to 90% by acquiring a 50% interest in Korea Panama Mining Corp. That will give First Quantum's production a healthy boost, lifting it to over 900,000 tonnes annually, significantly bolstering earnings and cementing its place among the world's top 10 copper miners.

First Quantum remains focused on expanding its portfolio, having acquired two early-stage development assets: the Taca Taca copper deposit in Argentina and the Haquira project in Peru, which is one of the world's major undeveloped copper deposits.

### **So what?**

The positive outlook for copper and other metals, including gold, nickel, and zinc, bodes well for First Quantum. When coupled with the miner's growing production and low operating expenses, this should give its earnings and profitability a solid lift, which will be a powerful tailwind for its stock.

### **CATEGORY**

1. Investing
2. Metals and Mining Stocks

### **TICKERS GLOBAL**

1. TSX:FM (First Quantum Minerals Ltd.)

### **PARTNER-FEEDS**

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

### **Category**

1. Investing
2. Metals and Mining Stocks

### **Date**

2025/09/13

### **Date Created**

2018/03/07

### **Author**

mattdsmith

default watermark