



## Metal Fight Club: 2 Canadian Metal Stocks Battle it Out

### Description

The world economy seems to be picking up—but so what? Investors have become used to a depressed TSX and a gloomy world outlook.

The GDP is rising, and spending is up, up, up. And yet it's still technically a bear economy, as investors continue to shrug their shoulders and drag their heels. In large part, this is due to a certain someone south of the border stirring up the markets coupled with increased instability in the Middle East.

But the fact is that it's time to start investing in infrastructure, because that wide-ranging sector is due for a return to rosier prospects. Indeed, a full-on bull market is overdue. Depending on what happens next on the world stage, you may have a bit of time to get your portfolio in order—or very little time at all.

But we're going to keep the focus on infrastructure now and look at two Canadian miners that represent very different investment strategies. Let's throw them into the ring and see who wins.

### Ding ding, round one!

It's time to pitch our fighters against one another! Let's take a look at what we're working with here.

**Sherritt International Corp.** ([TSX:S](#)) is first into the ring. A deeply discounted nickel and cobalt producer, this Canadian miner had a pretty bad 2017, losing \$73 million in Q1 alone. But [things seem to be picking up](#) for the company this year, with a return to normal production, and a metal boom on the horizon.

**Lundin Mining Corp.** ([TSX:LUN](#)) is a solid stock as close to being a defensive buy as any commodity can be. Nickel, zinc, and copper are Lundin's game, and they had a good 2017, with a per-year earnings increase of 43.7% predicted for the next five years.

Touch gloves, and let the fight commence!

## **Sherritt around or start funding Lundin?**

What we're really talking about here is confidence. Sherritt backers are going to be hoping for a full-on return of the bull to world markets, while Lundin fanciers are really trying to play it safe with a defensive stock that might (or might not) pick up long term.

But if you're still on the fence about all of the above, let's try to pick this apart for you and see who's landing the most punches.

Sherritt is cheap. It's got good assets and looks stable for the long run. But it's been making a loss of late, which explains its heavily discounted share price.

At \$1.24 a share, it's a snip and worth buying in high quantity, as this year is sure to see an improvement in Sherritt's fortunes. See how it fares and sell high, or hold long term depending on its profit margin at the end of the year.

Lundin is already paying a dividend yield of 1.79%. In cash money terms, you're looking at a \$0.03 payout per share. As copper and zinc prices rise, Lundin looks set to benefit, and so will its shareholders.

And that could be you. With a share price of \$8.53 and falling, [Lundin is a bargain](#). Your current return on investment with Lundin is 12.5%, and that's only set to increase if you buy now.

## **The bottom line**

Who wins? Really, the whole fight was a hot take, because both investment strategies have their advantages. And honestly, at prices like these, you might as well buy and hold on to stocks in both companies to diversify your strategy, if not your commodity. Sounds like common sense, right? But don't go away just yet, as I have another nugget of advice for you:

Keep an eye on the U.S. midterm elections in November. The outcome is going to have a huge effect on global stock markets. Timid investors can use November as a bellwether and adjust their holdings according to the outcome in the U.S.

Meanwhile, more daring investors can set November as a deadline to have their portfolios in order. If you wait for an outcome, stock will already have shifted. So, try to bet on a winning team—and that's up to you to decide.

But having metal stocks makes a lot of sense, because whatever happens in November, a bull is due to shake its horns, and the near future for infrastructure—and electronics—is looking good.

## **CATEGORY**

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

## **TICKERS GLOBAL**

1. TSX:LUN (Lundin Mining Corporation)
2. TSX:S (Sherritt International Corporation)

## **PARTNER-FEEDS**

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