



Are These Canada's 2 Best Mining Stocks for New Investors?

Description

While gold undeniably has a place in just about any portfolio at the moment, there are two metals in particular that may be even more defensive for new investors: palladium and copper. Palladium is sometimes overlooked as an investment, but its ubiquity in the electronics industry makes it a sound choice; copper, meanwhile, shows all the signs of being a quintessential metal to add to a mining portfolio. Let's take a look, then, at two representative stocks on the TSX index.

North American Palladium (TSX:PDL)

A healthy stock with a strong track record, North American Palladium saw a one-year past earnings growth of 223.8% that beat even its own five-year average growth of 55.5%. In terms of quality, a past-year return on equity of 25% is significantly high for the TSX index and shows that this would be a sound investment for the performance-focused stockholder.

North American Palladium has managed to dramatically extinguish its debt over the past five years, reducing the inherent risk of an investment in its stock. With its low market fundamentals, such as a price-to-earnings of 4.6 and P/B of 1.1 times book, it's still what you might call a cheap stock, while a dividend yield of 3.55% should put this ticker on the wish list for a passive-income investor.

This obvious choice for palladium investment on the TSX turned in a strong first-quarter report, and its 0.44% loss in the last five days also makes for a slight value opportunity. Its fall back down to Earth after that solid earnings report may still be ongoing, though, so value investors may want to wait and watch the share price until it reaches the bottom.

However, this may be hard to gauge, since North American Palladium's share price has been gradually rising and may rebound unexpectedly. Indeed, its beta of 1.26 relative to the Canadian metals and mining industry means that North American Palladium's share price is more susceptible to outside influences than the average mining stock.

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

Another stock with a clean balance sheet, this one has a focus on copper, zinc, and nickel. A projected 28.8% annual increase in earnings makes Lundin Mining the high-growth option here for the growth-focused investor, while its dividend yield of 1.89% means that it's suitable for rounding out a portfolio geared towards generating passive income.

A negative one-year past earnings-growth rate is mitigated somewhat by an overall positive five-year average growth of 23.9%, though it should be noted that this falls a little short of the [Canadian metals and mining industry](#) average of 33.6% for the same half a decade. It's still a good value buy, though: the P/E of 20.7 times earnings is a touch high, though it's trading below its book value with a P/B of 0.9 times book.

The bottom line

Lundin Mining and North American Palladium represent two of the best metals and mining investments for new investors in the TSX index. The latter stock's perfect balance sheet and solid track record make for a sound investment; meanwhile, Lundin Mining is a top choice in the [copper space](#) for new stockholders to consider.

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