



New Investors: Get Started on Your RRSP With This Undervalued Base Metals Stock

Description

[Young, new investors](#), you have time on your side.

This is a very important factor to consider when choosing the right stocks for your RRSP, as the patience that this affords you is needed when considering investing in an undervalued stock in a cyclical industry.

Here I would like to present to you a base metals stock that has [underperformed](#), but that is now really trading at depressed valuations, **HudBay Minerals Inc.** ([TSX:HBM](#))([NYSE:HBM](#)).

But, there is a bright spot.

HudBay is a base metals company with a portfolio of long-life, low-cost assets in friendly jurisdictions that's trading at a mere fraction of its estimated net asset value (NAV), which is the value of the company's 100% owned mining assets in Canada, Peru, and the U.S.

Furthermore, the company's EBITDA breakdown is geared largely toward copper (73% of EBITDA), but is also exposed to zinc (15% of EBITDA), gold, and silver.

Copper

Copper is one of the most versatile and durable base metals around.

It is a highly efficient conductor of electricity and heat, and it is used in many different industries from the construction industry to the electrical and electronic industry to the renewable energy industry.

As such, this base metal's place will stand the test of time.

Resilient

Although HudBay stock has been a dog, we can at least say that this company is resilient.

What this means is that it will emerge on the other end of these troubled times, and will be ready to participate in the re-emergence of strong demand in the copper market.

As I touched on earlier, copper is an essential component of renewable energy, which is seeing a secular (permanent and long-term), rather than cyclical boost in demand, as the world is shifting more and more toward renewable energy.

Electric vehicles, for example, require much more copper than conventional vehicles. Conventional cars require less than 50 pounds of copper, while electric vehicles can require more than 130 pounds. That's a significant bump in demand that will affect the copper market fundamentals in a big way.

As such, we may even see copper market deficits which would mean demand is higher than supply, and which would take copper prices significantly higher.

Final thoughts

With its strong balance sheet, low valuations relative to net asset value, and its exposure to copper, HudBay Minerals is a top pick for young RRSP investors who have time and patience to wait for fundamentals to improve, sending the stock soaring higher.

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1. Investing
2. Metals and Mining Stocks
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