



2 Reasons Metal Stocks Are Rallying This Week

Description

Metal and mining investors saw their sector bounce by the end of the week, ending the slump that marked a fairly grim Monday. Gold was starting to pop by midweek, while key metals such as iron and palladium were also enjoying some improvement.

Market uncertainty saw gold stocks rising

The U.S. has added a fair amount of market uncertainty this week, with disappointing industry data dovetailing with an increasingly tense interparty political situation. These developments come amid an oil industry still stabilizing after the Saudi drone bottleneck, an ongoing trade war between the U.S. and China, and a dampened global outlook.

Perhaps TSX investors shouldn't be too surprised, then, that gold stocks were bouncing by the end of the week. Two things are at play here, however. First of all, the markets are getting continually spooked by the political and economic situation in the U.S. It's like clockwork: the market gets spooked and gold stocks rise.

However, a few of the top precious metals stocks may have bounced for the another reason besides [buyers seeking safe-haven assets](#): that reason could be the announcement of a new initiative that recognizes outperforming companies called the TSX 30. The following stocks all featured on the list and are organized here in reverse order of capital appreciation.

The TSX 30 effect helped boost key metal stocks

Wesdome Gold Mines followed a familiar dip-and-bounce pattern this week, overall negative for the period following the TSX 30 reveal — in which Wesdome placed 19th — by around 5%, followed by a two-point bounce Friday. The stock made the list thanks to an impressive share price appreciation of 172% since 2016.

Investors looking for a strong track record should be pleased to note that Wesdome has more than

three decades of gold mining experience under its belt. The company is also focused purely on the Canadian market, sourcing its material from mines in Quebec and Ontario, which should satisfy low-risk investors seeking to avoid disruption to capital gains from geopolitical tensions.

Other metals have also seen high investor interest since 2016, notably palladium. **North American Palladium** has seen a three-year increase of 183%, making it one of the top 30 best-performing stock on the TSX in terms of share price appreciation. As an investment choice, its quarter-decade production record at its Thunder Bay mine and low-cost management approach make it a clear buy.

Labrador Iron Ore also bounced this week, starting the week in a precipitous slump before picking up Friday with a point-and-a-half gain. Drawing revenue from iron mining carried out by the Iron Ore Company of Canada, which produces iron pellets and concentrate for the world market. The stock pays a 4.41% yield, making it a solid pick for investors digging around for rich veins of income. A 282% increase in price placed it 11th on the TSX 30.

The bottom line

The stocks listed here benefited from [the TSX 30 effect](#), enjoying a boost from the exposure from the new initiative. All three would make strong additions to a metals and mining portfolio based around high returns, while the dividends on offer from Labrador Iron Ore and North American Palladium should interest the general passive income investor.

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