



Is This Top Gold Stock a Play on the Green Economy?

Description

Are ethical investors overlooking copper in their long-range stock portfolios? With one of the biggest names in gold mining seeking to increase its own exposure to the orange metal, it might be a good time for shareholders in the usual round of renewables and electric vehicle producers to up their investment in this keystone commodity.

Among other announcement this week from **Barrick Gold** ([TSX:ABX](#))(NYSE:GOLD) CEO Mark Bristow, such as the key divestment of its stake in the Australian Super Pit gold mine came this intriguing soundbite: “If you really believe in less carbon, lower carbon footprints and a more modern economy and lifestyle for humanity on this planet, you have to believe in copper.”

It’s certainly an interesting proposition that Barrick Gold could be getting deeper into the red metal, and it means that the mega-miner could be a strategic stock for investors in the [booming green economy](#). By getting deeper into copper, Barrick Gold would be tapping a boom in demand for the metal.

From another perspective, the move would also put Barrick Gold on the map for asset managers on the lookout for business that are active in adhering to key ecological guidelines.

With social and environmental concerns driving the boom in ethical investing, a deeper involvement in metals that support such industries as the burgeoning electric vehicle market would be a definite plus.

While copper is therefore a strong play for upside from the low-carbon economy, it could also be a power-play on commodity price momentum.

Copper is subject to localized tensions, as are most substances that come out of mines in economically volatile regions. Therefore, with the potential for geopolitical tension in places such as Chile to cause supply bottlenecking, prices in copper could rise sharply.

Is copper the new lithium?

Investors and pundits alike are divided on the silver metal. It’s been grinding lower as supplies have

come online to water down the price of the commodity to meet demand.

But another camp sees an eventual end to the supply glut and a ramping up of demand. With car manufacturers going all-in on lithium-ion batteries, [demand could be explosive](#).

In fact, analysts expect almost a million tons of the stuff will be needed to meet the requirements of the electric vehicle industry alone.

Take a baseline period of about six years and triple demand over that period, and lithium investors could be rubbing their hands. However, a combination of overproduction and a potentially fickle market do not add up to a reassuring long-term investment.

Current supplies outstrip demand by 5% at the moment and prices are collapsing. There's also another, potentially more dangerous element to throw into the mix: The quest for a new type of battery.

While an alternative to lithium doesn't exist as yet, there's nothing to suggest that the tech won't evolve faster than the market. A breakthrough battery with rival chemistry would instantly torpedo demand for lithium.

The bottom line

The news that Barrick Gold could tap into the low-carbon tech boom is intriguing. With the mega-miner potentially expanding its copper exposure, green economy investors should think about doing the same.

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Date

2025/07/04

Date Created

2019/11/23

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