



Hot Metals: 1 Top Income Stock for Growth Investors

Description

From uneven adherence to the Paris Agreement to negative headlines about market-leading manufacturers, auto investment can be a noisy environment for upside hunting. Luckily there's a much more stable way to play the electric vehicle megatrend: commodities.

Lithium and copper look like they could switch into top gear in 2020, with high upside potential from increased demand and the possibility of tightening supplies. While lithium prices have fallen as more supplies come online, the sheer necessity of the silver metal in the EV battery industry could soon overtake the increases in production.

In short, bottlenecks in lithium could still add upside to affected mining stocks, just as they could for copper. **Lundin Mining** ([TSX:LUN](#)) is a strong choice in the metals and mining space, providing coverage for several key materials. Its mix of diversified assets and geographical operations make Lundin a relatively low-risk play for capital gains investors seeking upside from commodities.

Looking for a broad mix of base metals from beyond North America? While Lundin has mining operations across the U.S., it is also active in Chile, Brazil, Sweden, and Portugal.

Providing a reduced exposure play on a wide sweep of industries, investors can gain access to the copper, zinc, nickel, and gold markets with a single stock. The stock is up 6.7% over the last five days and pays a 1.6% yield.

Mining investors could see huge upside in 2020

Other key minerals that investors could add to the mining segment of a stock portfolio include cobalt and graphite. Prices in all of the above commodities are likely to rocket as supplies become constrained and demand ratchets up. Combined with a history of underinvestment and huge demand, copper, once overlooked, could reward investors in particular with mountainous upside in a short space of time.

An investment in commodities is also a defensive move if it includes classic safe-haven metals such as

gold. If it includes copper and lithium, it's also a [play on the green economy](#).

With the U.S. the single largest economic influence outside of Canadian borders, it pays to keep an eye on politico-economic trends south of the border. Investors are likely already well aware that the green economy is one of the top [global growth success stories](#). Runaway green energy bullishness in the U.S. suggests that upside could come sooner than expected, though, and with steep upward momentum.

Canadian investors should keep a close eye on the news as risk mounts. While a few of the signs are good, a recession isn't impossible. President Trump is seemingly in the mood for intensifying trade tensions, with a metal tariffs warning for Brazil and Argentina and the threat of 100% tariffs on some French goods, while the prospect of a deepening trade war with China could quickly become a reality.

The bottom line

Metals investments can bring stockholders access to a broad swathe of sectors, add defensiveness to a portfolio, and packs capital gains potential for strategists with broad financial horizons. Lundin Mining is a top choice for exposure to some of the hottest metals in the mining space and could see steep capital appreciation in 2020.

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