



2020 Will Be a Strong Year for Canadian Metal and Oil Stocks

Description

It's been a mixed week, with markets coming back down off record highs as uncertainty continues to dominate investor sentiment.

Cannabis stocks have become an indicator for risk appetite, and saw an uneven week, with key assets such as **Aphria** and **Canopy Growth** oscillating.

Telecoms and media were also following this pattern, with losses in both **BCE** and **Rogers Communications** recouped by Friday.

Magna International was mostly positive this week as the electric vehicle sector continued to bring hope to green investors.

Financials were also largely positive, with Big Five bankers **BMO**, **CIBC**, **TD Bank** and **Scotiabank** seeing some small gains during the week.

Gold miners were down, however, with both top tier precious metal producers **Barrick** and **Newmont** both suffering as confidence returned on China trade strength and the [prospect of an orderly Brexit](#) after the landslide Johnson win in the U.K. Energy stocks were also down midweek, with Enbridge and Fortis both in the red.

Think “natural resources” for 2020 upside

Canadian Natural Resources ([TSX:CNQ](#))([NYSE:CNQ](#)) was up by a couple of points this week, however as oils and natural gas continued to tick higher in hopes of a rebound. The fuel giant held onto these gains, heading into the weekend up by the single digits.

Canadian Natural Resources pays a decent 3.68% yield and is relatively well diversified across regions with hydrocarbon operations in Western Canada and beyond, such as offshore sites in the U.K.-held area of the North Sea, as well as the Ivory Coast and Gabon.

Investors looking for long-range suitability should note that with more than 11.5 billion barrels of crude and natural gas on hand, the stores won't run dry anytime soon.

Canadian Natural Resources is cautiously bullish on pipeline developments in the New Year, with an increase in spending that will see around 60 new drilling sites added in Alberta for instance.

The move is reassuring for investors who want to see strong performance in weak as well as strong markets.

Sticking with natural resources, some of the most popular stocks at the moment can be found in the metals and mining sector.

Both **Kirkland Lake Gold** and **Nemaska Lithium** have been hot this year and could reward commodities investors with upside through 2020.

Lithium in particular is looking like a hot investment idea again as the [electric vehicle market will continue to accelerate](#), driving demand.

Palladium is also shaping up as a commodity investor's metal of choice. Its use in catalytic converters in cars running on petrol makes it a low exposure contender for the green economy section of a portfolio.

A key pure-play stock in this space would be **North American Palladium**, a stock that came in at number 16 on the **TSX 30** earlier in the year after rocketing 183% in three years.

The bottom line

Canadian Natural Resources combines passive income, some moderate growth, and the reassurance of a strongly defended economic moat. Its vast resources and current market ratios make it a solid long-term play.

Alternatively, some key base metals could see steep upside from growth trends in the tech and vehicles industries in the New Year.

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