



Value Investors: Could These 2 Stocks Soar 100% by 2022?

Description

The market rally off the March lows took many stocks back to previous levels. Some beaten-up sectors, however, still have room to run, and savvy investors are hoping to benefit.

Let's take a look at two [cheap stocks](#) that could see significant upside moves in the next 18 months.

Teck Resources

You need to have a strong stomach to own **Teck Resources** ([TSX:TECK.B](#))([NYSE:TECK](#)) stock. A quick look at the chart over the past decade shows the opportunity and risks associated with owning companies that produce commodities and are at the mercy of wild swings in global prices.

Teck produces metallurgical coal, copper, and zinc. It also has a stake in the Fort Hills oil sands facility that went into commercial operation in 2018. The global recession caused by pandemic lockdowns hammered demand for oil and other commodities and sent Teck's share price into a steep drop, extending a trend that was in place for nearly two years.

The stock traded above \$38 in early 2018. It slipped below \$9 in March. A rebound has it back at \$14, and more gains should be on the way.

Monetary and fiscal stimulus efforts around the globe could drive strong demand for Teck's portfolio of products. The U.S. is reportedly planning a \$1 trillion infrastructure spending spree. New bridges and roads require substantial steel and asphalt made using metallurgical coal and oil. Countries around the world are also expanding renewable energy investments on solar and wind projects. This would boost copper demand.

It is possible that the commodity markets could see a supply squeeze, as demand outstrips production due to reduced investment in new projects in recent years.

Teck rallied from \$5 in 2003 to \$50 in 2006. The Great Recession sent it back to \$4 in 2009, but it soared to \$60 in 2011. Another downturn saw the stock retest \$5 in early 2016 before making the run

above \$35 two years later. Where Teck goes from here is anyone's guess, but the upside potential likely outweighs the downside risk.

Given the massive global stimulus measures being put in place, it wouldn't be a surprise to see Teck top \$30 by 2022.

Suncor Energy

Suncor ([TSX:SU](#))([NYSE:SU](#)) is Canada's largest integrated energy firm with oil sands, refining, and retail operations. The crash in oil prices during the pandemic hit Suncor's margins hard. The lockdowns also punished the downstream businesses that produce and sell fuel. Airlines grounded thousands of planes, hitting demand for the jet fuel produced by Suncor's refineries. Commuters are working from home, putting a dent in gasoline demand and wiping out a good chunk of the traffic to Suncor's Petro-Canada retail locations.

As a result, the company slashed the [dividend](#) by 55% and reduced the capital program.

Planes are starting to fly again, and the reopening of economies around the world should boost demand for oil. In China, commuter traffic is already back to pre-pandemic levels. In many countries, people might actually drive more than before the outbreak to avoid taking public transportation.

Suncor traded at \$45 per share in January. It dropped to \$15 in March and is currently close to \$24. WTI oil prices are back to US\$38 per barrel, and it wouldn't be a surprise to see US\$60-70 per barrel by the end of next year. OPEC+ supply cuts combined with significant production disruption in the U.S. and Canada could result in a tight oil market in 2021.

It's a contrarian call, but Suncor could take a run at \$50 if we see a V-shaped global economic recovery and oil prices surge more than anticipated.

The bottom line

Volatility should be expected, and there is no guarantee history will repeat itself in the commodity space. That said, the upside potential for Teck and Suncor likely offsets the downside risk today, and these stocks could potentially double in the next couple of years.

If you have a contrarian investing style and are bullish on the economic recovery, Teck and Suncor deserve to be on your radar.

CATEGORY

1. Coronavirus
2. Energy Stocks
3. Investing
4. Metals and Mining Stocks

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:SU (Suncor Energy Inc.)
2. NYSE:TECK (Teck Resources Limited)
3. TSX:SU (Suncor Energy Inc.)
4. TSX:TECK.B (Teck Resources Limited)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Sharewise
6. Yahoo CA

Category

1. Coronavirus
2. Energy Stocks
3. Investing
4. Metals and Mining Stocks

Tags

1. Editor's Choice

Date

2025/08/25

Date Created

2020/06/17

Author

aswalker

default watermark

default watermark