



## Miner Alert: Is First Quantum Minerals (TSX:FM) or Barrick Gold (TSX:ABX) Stock a Buy Today?

### Description

Mining stocks might be on the verge of an extended rally, and investors are wondering which metals producers could be interesting picks for a [TFSA](#) portfolio today.

Let's take a look at **First Quantum Minerals** ([TSX:FM](#)) and **Barrick Gold** ([TSX:ABX](#))(NYSE:GOLD) to see if one deserves to be on your [buy list](#) right now.

### First Quantum

First Quantum is a copper miner with some nickel and gold production. The stock hit a closing low near \$5 in March. It started the year near \$13 and currently trades close to \$10 per share.

Copper prices fell from US\$2.60 per pound in February to US\$2.10 at the March low. Since then, the base metal has recovered all the losses. In fact, copper currently trades above US\$2.70 per pound.

Traders are betting on a potential supply squeeze. Mine closures due to pandemic lockdowns have removed significant supply from the market. In addition, reductions in capital programs mean it will be some time before new sites can be built and come online.

Aggressive fiscal stimulus programs by global central banks should drive copper demand growth. Investment in renewable energy is expected to surge. Solar panels, wind turbines, and electric vehicles all have significant copper components.

This should bode well for First Quantum in the coming two or three years. However, risks remain for the company.

First Quantum's new flagship Cobre Panama mine only went into commercial production last year. The site was shut in April amid a large outbreak of the coronavirus among its workers. Management had hoped the mine, which employs 7,000 workers, would be back online by the end of May, but the company still hasn't received the approval.

A prolonged shutdown would hurt revenue and cash flow, putting pressure on a balance sheet that is already a concern. First Quantum finished Q1 with net debt of \$7.6 billion. The current market capitalization is about \$7 billion.

## Barrick

Barrick is a giant in the global gold industry with five of the planet's top 10 mines and operations in key gold regions, including Africa and the Americas. The company is also a significant copper producer.

Management worked hard to fix the balance sheet in recent years and Barrick could actually finish 2020 with zero net debt. Gold has been on an upward trend for the past year, rising from US\$1,300 per ounce in May 2019 to the current price above US\$1,770.

Low interest rates and negative bond yields should provide ongoing support for gold. The yellow metal doesn't offer any yield, but no yield looks pretty good when you have to pay the government to borrow your money. Gold is also viewed as a safe haven against financial and geopolitical turmoil.

Barrick trades near \$35 per share. It jumped as high as \$40 in May and was a \$20 stock at this time last year.

The gold giant has the potential to generate serious free cash flow at current gold prices, and the market might not fully appreciate the upside opportunity.

## Is one a better bet?

Barrick has a stronger balance sheet and gives investors good exposure to both copper and gold. While the stock is up significantly in the past year, more gains should be on the way.

### CATEGORY

1. Investing

### TICKERS GLOBAL

1. NYSE:B (Barrick Mining)
2. TSX:ABX (Barrick Mining)
3. TSX:FM (First Quantum Minerals Ltd.)

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