



Up Over 10%: Will the Momentum in These 3 Canadian Stocks Continue?

Description

The Canadian equity markets continued their uptrend, with the **S&P/TSX Composite Index** rising 1.9% last week. The decline in bond yields, improvement in commodity prices, and the expectation of improvement in corporate earnings have driven the index higher. Meanwhile, these three Canadian stocks outperformed the broader equity markets last week by rising over 10%. Let's assess whether the momentum in these three Canadian stocks could continue.

Turquoise Hill Resources

After delivering impressive returns of over 36% in the first four months, **Turquoise Hill Resources** ([TSX:TRQ](#))([NYSE:TRQ](#)), a copper and gold mining company, has continued its uptrend, driving its stock price higher by 18.6% last week. Rising copper and gold prices have boosted the company's stock price higher.

On Friday, Copper prices rose to a high of \$10,000/ton for the first time in the last 10 years. The rising demand amid the reopening of the economies and the depleted inventories have driven copper prices higher. Meanwhile, industry experts project copper prices to rise further and remain at elevated levels for few more years, benefiting copper-mining companies, such as Turquoise Hill Resources.

Further, the company's management [expects its production](#) of both copper and gold could rise this year. Rising commodity prices and higher production could drive the company's financials and, in turn, its stock price. Despite the recent surge in its stock price, its valuation still looks attractive, with its forward price-to-earnings and price-to-book multiple standing at 7.4 and 0.4, respectively. So, I am bullish on Turquoise Hill Resources.

Canadian Natural Resources

Second on my list is **Canadian Natural Resources** ([TSX:CNQ](#))([NYSE:CNQ](#)), which reported a robust first-quarter performance last week. It posted an adjusted EPS of \$1.03 compared to a net loss of \$0.25 in the previous year's quarter. Production growth, higher realized price, and improvement in

operational efficiency drove the company's financials. The company also generated robust free cash flows of \$1.4 billion, strengthening its balance sheet. Supported by its impressive first-quarter performance, the company's stock price rose 11.8% last week.

Meanwhile, I believe the [uptrend to continue](#) amid the expectation of oil prices to remain at higher levels for the rest of the year and improvement in its operating metrics. Oil prices have climbed to over \$65/barrel. Amid the gradual reopening of the economies worldwide, oil demand could rise, driving oil prices higher. Further, the company's management expects its production to increase by 5% this year, while its free cash flows could come in the range of \$5.7-\$6.2 billion.

Canadian Natural Resources pays quarterly dividends of \$0.47 per share, representing a forward dividend yield of 4.5%.

Barrick Gold

My third pick would be **Barrick Gold** ([TSX:ABX](#))(NYSE:GOLD), which rose 10.8% last week. Supported by strong gold and copper prices, the company's first-quarter performance outperformed analysts' expectations. Its adjusted EPS came in at US\$0.29 against analysts' expectation of US\$0.27. Meanwhile, the company's gold production declined by 11.9% due to lower grades at its Pueblo Viejo mine in the Dominican Republic.

However, Barrick Gold expects its gold production to improve in the second half of this year amid the expansion of its production facilities. Further, gold prices have increased by over 5% in the last 30 days, and the momentum could continue. Additionally, copper prices could remain higher for few more years amid rising demand due to its usage in high-growth industries, such as the electric vehicle markets. So, I believe the uptrend in Barrick Gold could continue. The company also pays quarterly dividends, with its forward yield standing at 1.2%.

CATEGORY

1. Energy Stocks
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1. Editor's Choice

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2. NYSE:CNQ (Canadian Natural Resources)
3. NYSE:TRQ (Turquoise Hill Resources)
4. TSX:ABX (Barrick Mining)
5. TSX:CNQ (Canadian Natural Resources Limited)
6. TSX:TRQ (Turquoise Hill Resources)

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