



\$1,000 Invested in This TSX Copper Stock Last March Turned Into \$15,000 Today

Description

Copper prices have been riding higher for the last several months. Amid the impending economic recovery, the industrial metal could continue to soar higher in 2021 and beyond. Some of the Canadian miners zoomed recently due to upbeat copper prices.

Among them, **Capstone Mining** ([TSX:CS](#)) tops the chart with almost 1,500% gain since last March. One of the top copper producers, **Teck Resources** ([TSX:TECK.B](#))([NYSE:TECK](#)), is up more than 220% in the same period. Notably, the **TSX Composite Index** has rallied 25% since last March.

Top TSX copper stocks

It's delightful for copper investors to see such high growth in a short period, mainly after years of underperformance. Interestingly, the [current macroeconomic outlook](#) paints a rosy picture for base metals, which will likely drive copper stocks higher.

Capstone Mining is a \$2.6 billion base-metals producer and operates two copper mines. The company has seen significant financial growth in the last few quarters. Higher copper production and higher realized prices remarkably benefited Capstone Mining.

In Q1 2021, it produced 47.8 million pounds of copper against 35.5 million pounds in Q1 2020. It sold copper at US\$4.12 per pound in the first quarter compared to US\$2.29 per pound in the same quarter last year.

Superior earnings growth and margin expansion

Capstone Mining exhibited meaningful profit margin expansion in Q1 2021. It seems largely a result of its [optimization project](#) at its marker Pinto Valley mine. The project began early last year and focuses on growing production by de-bottlenecking the operation with quick payback projects. The company could continue to see higher margins for the next few years with this improved operational efficiency.

Capstone's financial growth effectively seeped into its stock. During the crash last year, CS stock touched \$0.40 apiece, while it touched a multi-decade high of \$6.5 on May 10, 2021. If you invested \$1,000 in CS stock a year ago, you would have accumulated \$15,000 today.

Teck Resources

Capstone's big-sized peer Teck Resources has comparatively underperformed since last year. In Q1 2021, the company reported a net profit of \$305 million against a loss of \$312 million in Q1 2020. Teck Resources is a \$16.6 billion metals company that produces copper, steelmaking coal, and zinc. A \$1,000 investment in Teck Resources stock would have gained \$2,200 today.

From the valuation standpoint, Capstone stock looks attractive, despite its recent vertical rally. It is currently trading at 15 times its next year's earnings and indicates a sizeable upside potential.

The Foolish takeaway

Notably, copper prices could continue to trade strong due to higher demand from China. The Asian giant has been relatively faster to recover from the pandemic. China's higher industrial production will likely be a big driver for copper prices. Higher investments in the renewable energy space and EVs should also bode well for this industrial metal.

Despite the bullish outlook, copper stocks remain a bet for investors with an above-average risk appetite. The volatility and uncertain global recovery from the pandemic could dent conservative copper investors. But if you are okay with large price swings, the risk/reward proposition seems appealing.

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