



## Should You Buy Barrick Gold or Teck Resources Stock Now?

### Description

**Barrick Gold** ([TSX:ABX](#))(NYSE:GOLD) and **Teck Resources** ([TSX:TECK.B](#))([NYSE:TECK](#)) appear [undervalued](#). Is one stock a better buy right now?

### Barrick Gold

Barrick Gold fell from \$40 per share last August to below \$24 in February. Since then, the share price has trended higher and is now trading around 30.

The rebound over the past two months is primarily due to a new rally in the price of gold, which topped out near US\$2,080 in 2020. In March it dipped below US\$1,700, but is now back at US\$1,900, its highest price since early January.

A quick look at the U.S. treasury market tells most of the story. The U.S. 10-year treasury yield bottomed out close to 0.5% amid a global race to acquire U.S. bonds. The trend reversed at the end of Q3 and through Q4 last year, and the bond selloff peaked in March with the 10-year yield reaching 1.75%. Profit-taking and fears about inflation fuelled the pullback, but the market has since stabilized. At the time of writing, the 10-year yield is close to 1.55%.

Why is this important?

Gold tends to get a boost when bond yields fall and can come under pressure when yields rise. At the same time, there is a popular belief that the [institutional money](#) flowing between gold and cryptocurrencies adds to the momentum. Gold dipped when Bitcoin rallied earlier this year and has picked up an added tailwind during the cryptocurrency selloff.

Barrick Gold is the world's second-largest gold miner based on production. The company operates five of the planet's top 10 mines and has another under development that will join that club. Barrick Gold generates substantial free cash flow at existing gold prices and is returning excess cash to investors through special payments in addition to the dividend.

Gold tends to trend higher through the summer months, so there is seasonal strength coming up in addition to the push from lower bond yields and the crypto crash.

Gold bulls might want to add Barrick gold to their portfolios while the stock remains cheap.

## Teck Resources

**Teck Resources** ([TSX:TECK.B](#))([NYSE:TECK](#)) is Canada's largest diversified mining company. As the global economic rebound kicks into gear, demand for Teck's steelmaking coal, copper, and zinc should soar. Commodity prices already rallied significantly off the 2020 lows. Copper gave back some of the gains in recent trading, but more upside should be on the way.

Teck Resources shares rose from less than \$10 last year to above \$31 earlier this month. The recent dip back to \$27 is a reminder of how volatile this stock can be, but the pullback should prove to be a good buying opportunity for investors who see a commodity super-cycle playing out over the next two years.

Assuming the commodity cycle follows a pattern like the one we saw after the financial crisis, Teck's stock could potentially double off the current share price. Copper, in particular, could see a strong multi-year recovery, driven by investment in electric vehicles, solar panels, and wind turbines.

## Is one a better bet?

Barrick Gold and Teck Resources both appear cheap right now and should deliver solid returns. If you only buy one, I would probably make Barrick Gold the first choice today. Teck could have a bit more near-term downside before the rally resumes.

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2. Metals and Mining Stocks

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1. Editor's Choice

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