



## 3 Canadian Commodity Stocks to Buy as the Global Economy Rebounds

### Description

Commodity stocks are already catching a nice tailwind, but there could be a lot more upside in the next few years.

### Teck Resources

**Teck Resources** ([TSX:TECK.B](#))([NYSE:TECK](#)) is Canada's largest diversified mining company with operations that produce coal for making steel, copper, and zinc. Steel prices are soaring amid a surge in global demand. Copper has more than doubled its price off the 2020 lows, and zinc demand remains robust.

Looking ahead, these commodities should perform well and drive strong cash flow for Teck Resources and its investors. Copper, in particular, is one to watch. The base metal is a key component in the manufacturing of solar panels, wind turbines, and electric vehicles.

Significant stimulus spending is directed at renewable energy projects in Europe, and [ESG](#) is playing a key role in new investment decisions being made by institutions that manage hundreds of billions of dollars for their clients. Copper demand should be robust for the next few years.

Teck Resources is down about 10% from the 2021 high, giving investors a chance to buy on the latest pullback. The stock can be volatile, but the general trend in the next 12-18 months should be higher.

### Nutrien

**Nutrien** ([TSX:NTR](#))([NYSE:NTR](#)) is a leader in the global crop nutrients industry, supplying countries like China and India with potash on large wholesale contracts. The company also sells potash, nitrogen, and phosphate in the spot market. On the retail side, Nutrien provides seed and crop protection products to farmers around the world. And its digital solutions division helps farmers manage their businesses more efficiently.

Nutrien recently announced it will [boost potash production](#) in the second half of 2021 to meet growing demand. The strong trend is expected to continue, as high crop prices put more money in the pockets of farmers and encourage the planting of extra acreage.

The company has increased its EBITDA guidance for the year and could surprise to the upside when it reports Q2 2021 results. Nutrien's share price is already up 25% in 2021, but the stock still appears undervalued. This company has the potential to generate massive free cash flow when crop nutrient prices move higher. The sector could be in the early innings of a meaningful rally after enduring several years of weak prices.

## Baytex Energy

**Baytex Energy** ([TSX:BTE](#))(NYSE:BTE) traded for more than \$48 per share seven years ago when oil traded near US\$100 per barrel. The plunge in oil prices and subsequent dividend cuts sent Baytex Energy stock tumbling. Investors feared the high debt taken on to make a major acquisition at the peak of the market would eventually bury the firm.

At the nadir last year, Baytex stock was \$0.40 per share. Today, the stock trades near \$2.15, and more upside could be on the way.

The rebound in oil prices in Q4 2020 and through the first part of 2021 looks like it has legs to run. WTI currently trades above US\$70 per barrel, and many analysts are calling for a 2021 high near US\$80. Some bulls even see a surge to US\$100 occurring in the next two or three years.

This stock is unlikely to head back to \$48, but a double off the current price wouldn't be a surprise on a sustained oil rally.

## The bottom line

Teck Resources, Nutrien, and Baytex Energy should benefit from a rebound in commodity prices in the coming months and through next year. Some volatility should be expected, but commodity bulls might want to consider adding these stocks to their portfolios today.

### CATEGORY

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

### POST TAG

1. Editor's Choice

### TICKERS GLOBAL

1. NYSE:NTR (Nutrien)
2. NYSE:TECK (Teck Resources Limited)

3. TSX:NTR (Nutrien)
4. TSX:TECK.B (Teck Resources Limited)

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