



## Why the Mining Stocks Are Diving

### Description

The shares of most [Canadian miners](#) fell sharply on Tuesday. Some of the top mining companies listed on **TSX** like **First Quantum Minerals** ([TSX:FM](#)), **Teck Resources** ([TSX:TECK.B](#))([NYSE:TECK](#)), and **Lundin Gold** ([TSX:LUG](#)) were trading with heavy losses (nearly 5% or more) for the day this afternoon. These losses were mainly triggered by a selloff in commodities prices today, including copper.

### So what?

The expectation that China may take measures to bring down prices in the coming months was one of the key reasons for a selloff in copper prices yesterday. These expectations raised investors' concerns about the sustainability of the recent rally in copper prices.

The profitability of mining companies is highly dependent on commodity prices. A consistent and sustainable sharp decline in commodities prices could badly hurt the bottom line of these mining companies. That's one of the key reasons why mining stocks are falling today.

### Now what?

Yesterday's selloff in commodities prices was worrisome, as it took commodities prices near their lowest level in eight weeks. Most mining companies went through an extremely difficult phase last year when the COVID-19-related shutdowns across the globe hampered the demand. Nonetheless, the situation started improving in the first quarter this year. For example, Teck Resources reported a 7% YoY rise in its Q1 revenue, and its revenue-growth rate was expected to accelerate further.

However, declining commodities prices now dim their future growth outlook and pose a risk for these companies' overall financial stability. While mining industry investors with large risk appetites might not worry about short-term ups and downs in commodities prices, retail investors with low to medium risk appetites should try to diversify their stock portfolio right now to minimize the risks. A great way to do that, in my opinion, would be by adding some [cheap, high-growth stocks](#) to your portfolio from other industries.

## CATEGORY

1. Investing
2. Metals and Mining Stocks

## POST TAG

1. Editor's Choice

## TICKERS GLOBAL

1. NYSE:TECK (Teck Resources Limited)
2. TSX:FM (First Quantum Minerals Ltd.)
3. TSX:LUG (Lundin Gold Inc.)
4. TSX:TECK.B (Teck Resources Limited)

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