



## 2 Top TSX Commodity Stocks to Buy Now for 2022

### Description

Commodity stocks are on a roll, but more upside should be on the way for a number of top **TSX** stocks that still appear [undervalued](#).

### Suncor

**Suncor** ([TSX:SU](#))([NYSE:SU](#)) is starting to catch up to its peers as oil prices hit multi-year records. The stock is up nearly 25% in the past month but could move much higher through the rest of this year and into 2022.

Investors put Suncor in the dog house last year when the company slashed the dividend by 55% to protect cash flow amid the uncertain outlook for the pandemic. That was a prudent move, given the circumstances. Suncor is a major oil producer, but it also has downstream operations that took a big hit. The plunge in fuel demand caused by travel restrictions and work-from-home orders hammered jet fuel and gasoline demand, putting a dent in revenues for Suncor's refineries and Petro-Canada retail locations.

The price of oil has more than doubled in the past year and is expected to remain elevated through 2022 amid a global energy shortage and slow supply increases from OPEC. At the same time, airlines are ramping up capacity and commuters will hit the highways again in large numbers next year. That bodes well for Suncor's downstream businesses.

Suncor decided to use excess cash this year to buy back stock and pay down debt. That trend is expected to continue next year, but investors could also see a generous dividend increase in early 2022. The stock trades near \$28.50 at the time of writing. That's still below the 2021 high around \$31 and pre-pandemic price of \$44 per share.

Investors who buy Suncor now can pick up a 2.9% dividend yield.

## Teck Resources

**Teck Resources** ([TSX:TECK.B](#))([NYSE:TECK](#)) is Canada's largest diversified mining firm with the production of steelmaking coal, copper, and zinc. The company is also a partner with Suncor in the Fort Hills oil sands facility.

The commodities boom in 2021 is driving up metallurgical coal prices and Teck is seeing strong demand for its products. Copper and zinc prices also surged off the 2020 lows and base metals demand should remain robust in the next few years.

Teck is more than 50% of the way through the development of a new copper mine. The opening of the site will boost production at a time when the world is set to ramp up copper demand. Investments in solar and wind energy projects are set to soar and these assets require significant copper. In addition, countries around the world are aggressively phasing out combustion engine vehicles in favour of electric cars and trucks. Copper is also a large component in the manufacturing of EVs.

Teck recently announced it is evaluating the possible sale of its met coal business with a plan to focus more on copper production. The coal division is Teck's largest operation. The group should fetch a high price and the market might be underestimating the full value of the complete company at the current share price of \$33.

## The bottom line on cheap commodity stocks

Suncor and Teck Resources have enjoyed nice rallies off the 2020 lows, but the stocks still look cheap right now heading into 2022. If you have some cash to put to work, these stocks deserve to be on your radar today.

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2. NYSE:TECK (Teck Resources Limited)
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