



1 Top Commodities Stock to Load Up on This Fall

Description

Investors looking at the commodities sector do so for various reasons. Among the key reasons investors may pick a commodity stock as a core portfolio holding is the portfolio diversification such a position can provide.

In this context, investors looking for top commodity plays may want to consider companies with size, scale, [value](#), and staying power. One such company I've had my eye on of late is **Teck Resources** ([TSX:TECK.B](#))([NYSE:TECK](#)).

Let's dive into why this producer of metallurgical coal, zinc, and copper may be a great portfolio fit for many investors.

Analysts bullish on this top commodities stock

It turns out, I'm not the only one bullish on Teck stock right now. Indeed, Wall Street analysts have recently increased their target prices on Teck.

This is for good reason.

Indeed, Teck stock has been on a nice run of late. This is a stock that's [trading near multi-year highs](#). And for investors who are bullish on the commodities rally continuing, there's a lot to like about where Teck is positioned relative to its peers.

That's because Teck has made a lot of intriguing strategic moves of late. At the company's Investor Day event, Teck's management team unveiled a strategic plan to boost copper production and lower contributions from coal. Given the direction the world is headed in terms of clean energy, such a move made sense.

BMO Nesbitt Burns analyst Jackie Przybylowski upgraded the shares of this company from “market perform” to “outperform.” This improved outlook is based on strength in coal prices and a “strong” strategic focus for the company.

Ms. Przybylowski increased her target for these shares from \$40 to \$44. As per Refinitiv data, Wall Street’s average for the same is \$36.37. Currently, shares of Teck stock trade around \$35 per share.

Bottom line

Analysts appear to be picking up on some rather strong tailwinds supporting Teck’s rise of late.

Europe and other areas are targeting investments at green energy projects as economic stimulus measures. Similar to EVs, solar panels and wind turbines utilize substantial copper in their manufacturing process. The result should be a strong copper demand for copper for many years.

Another tailwind for the company comes from metallurgical coal, also referred to as steel-making coal. Steel demand is considerably strong presently. China, a major producer, has recently ramped up purchases from the company at increased prices.

Should the rally in the base metals and met coal holds up, this stock should progress meaningfully higher in the coming months and through the next year. I remain bullish on Teck’s outlook and agree with analysts in this regard.

While investors can expect volatility, Teck turns out to be a solid top commodity pick for this fall.

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1. Investing
2. Metals and Mining Stocks

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Author

chrismacdonald

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