



Why Did Major Drilling Stock Soar 10% on Wednesday?

Description

What happened?

Shares of specialized drilling company **Major Drilling International** ([TSX:MDI](#)) jumped 10% on Wednesday. Investor sentiment has been particularly strong around commodities this year. Strong economic growth could continue to push commodity prices higher in 2022, and one of the beneficiaries of this Supercycle could be Major Drilling.

So what?

Higher demand and relatively constrained supplies pushed copper prices higher on January 12. Copper breached above its vital psychological resistance of \$10,000 per tonne, while nickel also saw record levels since 2011 on Wednesday. Industrial metals have been notably strong recently, boosting [miner stocks](#) as well.

Major Drilling generates a large portion of its revenues from drilling copper and gold mines. So, as miners increase their production, driven by higher prices, Major Drilling could see increased business opportunities going forward.

Major Drilling is a \$760 million specialized drilling company. It focuses on unconventional drilling like directional drilling, deep hole drilling, and high-altitude drilling. It concentrates on mines that are difficult to access but have more [rewarding](#) mineral deposits.

Analysts claim that commodities like copper could see decades of bull run, driven by increased demand due to energy transition. In addition, according to Major Drilling's quarterly presentation, global gold reserves are declining fast, and the copper supply has been in deficit. So, these commodities could see increased demand, boosting their prices in the future.

In the last 12 months, Major Drilling [reported](#) a net income of \$26.2 million on total revenues of \$550 million. The company reported superior financial growth after taking a notable dent during the

pandemic.

Now what?

MDI stock has been quite volatile recently. It has soared 22% in the last 12 months, which is in line with TSX stocks at large. The mining sector as a whole has been reeling under pressure for years. MDI stock fell below \$3 during the epic pandemic crash in 2020. However, the recovery has been strong and has returned 260% since then. The mining corporate investment cycle will likely gain pace in the post-pandemic world, bringing MDI into greater focus.

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