



Should You Buy Barrick Gold (TSX:ABX) or Teck Resources (TSX:TECK.B) Stock Now?

Description

Commodity stocks are on a roll in 2022, and investors are wondering which stocks in the mining [sector](#) might be the best picks for more gains right now.

Barrick Gold

Barrick Gold ([TSX:ABX](#))(NYSE:GOLD) had a rough run after the last gold rally that peaked in 2011. The company found itself saddled with US\$13 billion in debt taken on to make expensive acquisitions before metals prices crashed.

The stock took a beating, and new management came in to fix the balance sheet. The turnaround surprised analysts, as Barrick Gold eventually reduced net debt to zero after a series of non-core asset sales and improved cash flow driven by a rebound in the price of gold.

Today, Barrick Gold has a rock-solid balance sheet and owns six of the top 10 gold mines on the planet. Barrick Gold is also a significant copper producer. Copper prices have soared from US\$2 per pound in 2020 to the current price near US\$4.65 per pound. Gold trades near US\$19.50 per ounce. That's not too far off the 2020 high around US\$2,080. Barrick Gold raised the annualized base dividend by 11% for 2022 to US\$0.40 per share. The company has also put a payout program in place that will see investors get extra returns depending on net cash levels. Barrick Gold gave investors a special return of capital in 2021 that amounted to US\$0.42 per share. That was on top of the US\$0.36-per-share dividend.

The stock appears [undervalued](#) right now at \$32 per share. Barrick Gold traded near \$40 when gold rallied in 2020. Gold can be volatile, but inflation and safe-haven tailwinds could carry the price to a new high by the end of the year.

Teck Resources

Tech Resources ([TSX:TECK.B](#))([NYSE:TECK](#)) trades for close to \$50 per share. That's double the 12-month low and up from \$10 in early April 2020. Teck Resources produces steel-making coal, copper, and zinc. The prices for these products have taken off, as countries around the globe ramp up infrastructure projects and firms increase investments in electric vehicles, solar panels, and wind turbines.

Teck Resources is completing the construction of a new copper mine that will go into operation just as copper prices are at multi-year highs. Rumours emerged last year that Teck Resources might sell or spin off its metallurgical coal business. The group is the largest among the three main divisions, and a sale could unlock significant value, while giving Teck Resources billions of dollars to expand the copper business.

A quick look at the company's stock chart indicates that Teck Resources tends to go through volatile boom-and-bust cycles that follow the performance of the commodities. The stock could potentially move above \$60 in the next year, but investors need to be careful chasing Teck Resources at the current level.

Is Barrick Gold or Teck Resources a better buy?

Barrick Gold and Teck Resources are leading players in the Canadian mining sector. The stocks should benefit from rising metals prices through the end of 2022 and into 2023. If you only buy one, I would probably make Barrick Gold the first pick today. The stock appears cheap and could move significantly higher over the next 12 months.

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2. Metals and Mining Stocks

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