



3 Mining Stocks to Buy Amid Rising Inflation

Description

The Canadian inflation rate came in at 6.8% for April — the highest in 31 years. The prices of petroleum products and food grains have increased primarily due to the Russia-Ukraine war, driving inflation. So, the inflationary environment, higher interest rates, and geopolitical tensions have made investors nervous, dragging the equity markets down.

However, rising prices could benefit [mining stocks](#). So, in this volatile environment, investors can strengthen their portfolios by adding the following three mining stocks.

Lundin Mining

Lundin Mining ([TSX:LUN](#)), which produces copper, zinc, gold, and nickel, has mines in Sweden, the United States, Chile, Portugal, and Brazil. Amid the weakness in the global equity markets, the company has corrected over 22% from its last month's highs. Despite the correction, the company is still trading 11.8% higher this year. Its NTM price-to-sales and [price-to-earnings](#) multiples stand at an attractive 1.8 and eight, respectively.

Meanwhile, copper, zinc, and nickel prices could remain elevated in the near to medium term due to the disruption caused by the ongoing Russia-Ukraine war. Also, the rising volatility in equity markets and inflation could prompt many investors to find refuge in gold, pushing its prices higher. Lundin Mining expects to increase its copper and nickel production this year. It recently completed the acquisition of Josemaria Resources, which further strengthened its copper production capabilities. So, increased production and higher realization price could boost its financials and stock price in the coming quarters. The company also pays a quarterly dividend with its forward yield at 3.31%.

Teck Resources

With several mining operations in Canada, the United States, Chile, and Peru, **Teck Resources** ([TSX:TECK.B](#))([NYSE:TECK](#)) produces copper, zinc, and steel-making coal. Supported by its strong financials and favourable commodity prices, the company is trading at 45.1% higher for this year.

However, its valuation still looks attractive, with its NTM price-to-earnings multiple standing at 5.4.

Meanwhile, the company is strengthening its production capability with the continued construction of its Quebrada Blanca Phase 2. The copper extraction from its line one facility could commence from the fourth quarter of 2022. The company is also conducting a pre-feasibility study at Quebrada Blanca Mill Expansion and expects to begin production by 2026. Further, the company's management also expects the production of zinc and steel-making coal to rise this year. So, Teck Resources's growth prospects look healthy.

Nutrien

My final pick is **Nutrien** ([TSX:NTR](#))([NYSE:NTR](#)), which is involved in producing potash, nitrogen, and phosphate products. Russia and Belarus are major potash producers, accounting for 40% of global production. Meanwhile, the supply chain has been disrupted amid the ongoing war and sanctions, increasing potash prices. Supported by higher prices, the company reported an impressive first-quarter performance earlier this month. Its adjusted EPS grew by 830% to \$2.70.

Amid the supply issues, the company had announced adding one million tonnes of production capabilities, with the majority of additional volumes produced in the second half of this year. After posting an outstanding first-quarter performance, Nutrien's management has raised its guidance for this year. The management now expects its adjusted EPS to come in the range of \$16.2-\$18.7 compared to its earlier guidance of \$10.2-\$11.8.

Along with higher realization price and increased production, the decline in interest expenses and share repurchases could boost the company's financials in the coming quarters. So, given its healthy growth prospects and an attractive NTM price-to-earnings multiple of 5.7, I am bullish on Nutrien.

CATEGORY

1. Investing
2. Metals and Mining Stocks

TICKERS GLOBAL

1. NYSE:NTR (Nutrien)
2. NYSE:TECK (Teck Resources Limited)
3. TSX:LUN (Lundin Mining Corporation)
4. TSX:NTR (Nutrien)
5. TSX:TECK.B (Teck Resources Limited)

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