



## 3 Under-the-Radar Commodity Stocks to Buy

### Description

U.S. stock markets ended last week with heavy losses, as runaway inflation dampened investors' confidence. In Canada, the **TSX** showed more grit and resiliency, with seven of the 11 primary sectors advancing on May 20, 2022. Some market observers are bullish on commodity stocks, particularly [precious metals and mining](#).

The materials sector (+7.9%) has been holding ground amid the uncertainties and remains the second top performer after [energy](#) (+54.67%). Also, **IAMGOLD** ([TSX:IMG](#))([NYSE:IAG](#)), **Fortuna Silver Mines** ([TSX:FVI](#))([NYSE:FSM](#)), and **Capstone Copper** ([TSX:CS](#)) fly under the radar but are [screaming buys](#).

### Strong revenue growth

Toronto-based IAMGOLD has three operating mines (Suriname, West Africa, and Canada) and is building the Cote Gold mine in northern Ontario. In Q1 2022, the \$1.36 billion mid-tier gold mining company reported impressive financial and operational results, despite significant challenges.

Total revenues increased 19.9% to \$356.6 million versus the same quarter last year, while total gold production rose 11.5% year over year to 174,000 ounces. IAMGOLD incurred a net loss of \$194.1 million in Q4 2021 but has returned to profitability.

Net earnings in the first quarter reached \$23.8 million, representing a 22.1% increase from Q1 2021. Notably, net cash from operating activities climbed 39.9% to \$142.3 million. The under-construction Cote Gold is a large-scale, long-life project, but a delay in completion could impede the stock's breakout. Management plans to announce a new project cost guidance before the end of Q2 2022.

### Favourable long-term outlook

Fortuna Silver Mines produces not only silver but also gold, lead, and zinc. The \$1.27 billion diversified precious metals producer has four operating mines (Argentina, Burkina Faso, Mexico, and Peru), with one more under construction (Côte d'Ivoire). This mining stock has advanced 11.78% in the last five

trading days and now trades at \$4.37 per share.

In Q1 2022, total sales increased 55% to \$182.3 million versus Q1 2021. Moreover, the year-over-year growth in adjusted net income and net cash from operating activities were 21% and 55%, respectively. While silver production declined 13% compared to the same quarter last year, gold production rose 93% to 66,800 ounces.

According to management, inflation and geopolitical drove prices and demand for gold and silver prices higher. In the long term, it expects accommodative monetary policies and inflationary pressures to support higher prices, especially gold.

## Looming scarcity

Capstone Copper is the new entity from the business combination of Capstone Mining and Mantos Copper (Bermuda) Limited on March 23, 2022. In 2021, or before the merger, this mining stock was among the TSX30 winners. It ranked fifth out of 30 top-performing growth stocks with its +433% three-year performance.

Apart from producing mines in the U.S. and Mexico, Capstone operates the Mantos Blancos, Mantoverde, and Santo Domingo mines in Chile. The South American country is the world's number one copper producer. In Q1 2022, revenue increased 31% versus Q1 2021, although net income declined 5% year over year to \$61.1 million.

The Chilean Copper Commission (Cochilco) projects copper prices to climb to US\$4.40 per pound in 2022. There's a perceived scarcity due to the Russia-Ukraine conflict. Thus, market analysts forecast a 74% upside for Capstone in 12 months (\$4.85 to \$8.43).

## Valuable commodities

Precious metals are valuable commodities worldwide. Mining stocks should benefit if inventories in metal markets decline or global supply falls short of demand in 2022 and beyond.

### CATEGORY

1. Investing
2. Metals and Mining Stocks

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1. NYSE:FSM (Fortuna Silver Mines)
2. NYSE:IAG (IAMGOLD Corporation)
3. TSX:FVI (Fortuna Silver Mines)
4. TSX:IMG (IAMGOLD Corporation)

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