



Commodities Could Storm Back in 2022: 3 TSX Stocks to Buy Now!

Description

Commodities had a hot start to 2022 on the back of positive expectations, as the domestic and global economy was in quick recovery mode following a broad lifting of pandemic restrictions. That bull market was bolstered by soaring inflation and the impacts of the opening of full-scale war between Russia and Ukraine in late February. **Goldman Sachs** recently predicted that oil and gas prices would bounce back nicely in the closing months of this year. Meanwhile, the Swiss investment bank **UBS Group** is confident in a return of up to [20% for commodities in late 2022](#).

Today, I want to look at three TSX stocks that could thrive in a renewed commodities bull market. Let's jump in.

Commodities like copper are gaining momentum, which should lead you to this TSX stock

First Quantum Minerals ([TSX:FM](#)) is a Toronto-based company that is engaged in the exploration, development, and production of mineral properties. It has major interests in [copper production](#). On August 18, copper prices enjoyed an uptick on the hopes for a rebound in demand in China. However, there are still considerable risks, as the Chinese government is committed to its zero-COVID policy.

Shares of this TSX stock have dropped 19% in 2022 as of close on August 18. The stock is still up 6.6% in the year-over-year period. First Quantum unveiled its second-quarter (Q2) fiscal 2022 earnings on July 26. It reported copper C1 cash cost of \$1.74 per pound in Q2 2022 — up \$0.13 from the first quarter. C1 cash cost is a commonly used metric that measures the cash cost per unit of extracting and processing copper. Meanwhile, adjusted net earnings rose to \$337 million, or \$0.49 per share, compared to \$173 million, or \$0.25 per share, in the previous year.

This TSX stock currently possesses a favourable price-to-earnings (P/E) ratio of 9.8. First Quantum last paid out an interim dividend of \$0.16 per share.

Oil and gas prices may be gearing up for another boom in 2022

Canadian Natural Resources ([TSX:CNQ](#))([NYSE:CNQ](#)) is another top TSX stock that could benefit in a big way from a commodities boom. As I'd stated earlier in this piece, Goldman Sachs has projected that oil and gas prices are heading higher before the year is through. Goldman sees gasoline prices hitting \$5/gallon and Brent futures at \$130 by the end of 2022.

This Calgary-based company is engaged in the acquisition, exploration, development, production, marketing, and sale of crude oil, natural gas, and natural gas liquids. In Q2 2022, the company delivered a whopping \$3.5 billion in profit. Meanwhile, free cash flow surged to \$3.3 billion.

Investors should be interested in its attractive P/E ratio of 7.5. Moreover, this TSX stock offers a quarterly dividend of \$0.75 per share. That represents a solid 4.1% yield.

Here's another TSX stock I'd snag, as steel prices may be heading north

Stelco ([TSX:STLC](#)) is the third TSX stock I'd look to target in the event of a commodities boom. This Hamilton-based company is engaged in the production and sale of steel products in North America and around the world. Steel prices have taken a hit in recent months. A return to positive price momentum would be big news for Stelco.

In Q2 2022, Stelco delivered revenue growth of 13% year over year to \$1.03 billion. Meanwhile, operating income jumped 12% to \$440 million. Shares of this TSX stock possess a very attractive P/E ratio of 1.4. Better yet, it offers a quarterly distribution of \$0.30 per share, which represents a 3.2% yield.

CATEGORY

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2. TSX:CNQ (Canadian Natural Resources Limited)
3. TSX:FM (First Quantum Minerals Ltd.)
4. TSX:STLC (Stelco Holdings Inc.)

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