



## 1 Canadian Metal Stock (With Dividends) I'd Buy Right Now

### Description

Canadian [metal stocks](#) continue to remain highly volatile in 2022. After a sharp rally in commodity prices across the board took them higher in the first quarter, the shares of metal-linked companies witnessed a sharp correction in the second quarter, as concerns about slowing global economic growth worried investors.

While macroeconomic uncertainties may also keep these stocks volatile in the coming months, the recent dip has made the shares of some fundamentally strong metal-linked companies look really attractive.

In this article, I'll highlight one of the best Canadian metal stocks with solid dividends investors can buy this week to hold for the long term.

### Russel Metals stock

**Russel Metals** ([TSX:RUS](#)) is a Mississauga-based metals processing and distribution company with a [market cap](#) of about \$1.8 billion. The company primarily focuses on value-added processing of metals with its large network of metals service centres across North America. On a year-to-date basis, RUS stock has fallen by 16.8% year to date to \$27.98 per share, underperforming the broader market. By comparison, the **TSX Composite Index** has seen a 9.2% value erosion in 2022.

Based on its 2021 financial figures, nearly 67% of Russel's total revenue came from its metals service centers segment, while the remaining came from its energy products and steel distributors segments. Geography-wise, Canada accounted for nearly 64% of its total revenue last year, with the remaining 36% coming from the U.S. market.

### Improving operating performance

In the last couple of years, Russel Metals has managed to significantly improve its financial growth trends due mainly to strong demand in its metals service centres and steel distributors segments. This

was one key reason why the company registered a solid 56.6% YoY (year-over-year) increase in revenue to \$4.2 billion in 2021. Similarly, a strong steel price environment helped Russel Metals post solid expansion in profitability, as it reported an outstanding 725% jump in its 2021 adjusted earnings to \$6.96 per share.

Higher average steel prices continued to contribute positively to its financial growth in the second quarter (Q2) of 2022. In Q2, the Canadian metal distribution company's revenue rose 27.5% YoY to \$1.4 billion, helping the company register a 4.3% YoY growth in its adjusted quarterly earnings to \$1.96 per share.

## Why this Canadian dividend stock is worth buying now

In the last year, steel prices have seen a sharp correction due mainly to growing fears of a looming recession. Despite recent declines, however, steel prices could witness a sharp rally in the coming quarters as its demand is likely to increase. According to the World Steel Association's [estimates](#), global steel demand is likely to rise by 2.2% in 2023 — up from an expected increase of about 0.4% in the ongoing year. This expected rise in the demand and constrained supply could lead to a sharp recovery in steel prices and accelerate Russel Metals's financial growth trends further, helping RUS stock soar.

Apart from these positive mental factors, Russel Metals stock could be a great buy for long-term dividend investors, as it has been paying quarterly dividends for the last 82 quarters in a row. At the current market price, this Canadian metal stock has a strong dividend yield of about 5.4%.

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