



3 Metal Commodity Stocks You Can Buy at a Massive Discount

Description

Each metal commodity has its unique market. Some of them, like the batteries, may rise and fall together. But others, like precious and base metals, may have different rise and fall patterns. Still, there are times when you can buy various metal commodities, or, more accurately, their stocks, at a similarly discounted price. And three such metal commodity stocks should be on your radar right now.

If you buy them now and wait for the broad market or the demand for the specific commodity to push the stocks up, you can make a neat profit.

A lithium stock

While it's not traded on the commodities market, lithium has become one of the most coveted metals in the last few years, thanks to the rising demand for batteries. This makes lithium stocks like **American Lithium** ([TSXV:LI](#)) a wise choice, especially in its current heavily discounted state. The stock is trading at a 58% discount from its 2021 peak.

The stock has been going through a cyclical motion since it peaked in the post-pandemic market (July 2020). It has spiked twice since then, offering returns of around 280%. If there is a similar spike in the future, you might generate significant returns in a relatively short amount of time if you buy the stock now. It can double your capital just by reaching its 2021 peak price again.

A gold stock

Gold stocks are going through a rough phase right now, and few companies reflect the decimated state of gold stocks as strongly as Vancouver-based **Equinox Gold** ([TSX:EQX](#)). It's trading at a 60% discount from its yearly peak and a 73% discount from its 2020 peak. And its trajectory is still downwards, so you may see an even bigger discount tag in the future.

Gold [mining stocks](#) are more vulnerable to price changes in the precious metal (compared to royalty stocks), so you may consider keeping an eye on gold prices as well, as they may offer insights

regarding Equinox's recovery potential.

But it can offer amazing returns if the stock turns it around and gets on the bullish train. The stock rose roughly 100% in 2019, which shows that it may have the potential to grow in a typical, bullish market. It's currently trading at \$4.45, peaking at around \$17 per share. So, in its next growth spurt, even if it misses the top mark by a couple of dollars, you may still experience 300% growth if you buy now.

An iron ore stock

Labrador Iron Ore Royalty ([TSX:LIF](#)) stock is a smart buy — not just because of its massive 40% discount from the yearly peak but of how this discount reflects in the yield.

This iron ore royalty company is currently offering one of the highest yields on the TSX — 12%. At this rate, the stock is capable of returning all the capital you invest in the company in less than a decade through dividends alone.

The stock also offers capital-appreciation potential, especially in a steady market. So, if you buy now when it's both a discounted and [undervalued stock](#), you may get the best of both worlds. But it's important to keep the high degree of volatility when it comes to dividend payouts in mind.

Foolish takeaway

The three heavily discounted metal stocks can be profitable commodity exposures at their current prices. It's difficult to predict *when* they will recover, but if you can hold out for long enough, you may experience inflated gains, thanks to the current discounted prices and valuations.

CATEGORY

1. Dividend Stocks
2. Investing
3. Metals and Mining Stocks

TICKERS GLOBAL

1. TSX:EQX (Equinox Gold Corp.)
2. TSX:LIF (Labrador Iron Ore Royalty Corporation)
3. TSXV:LI (American Lithium Corp.)

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Date

2025/09/27

Date Created

2022/09/16

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