



3 Top TSX Metal Stocks to Buy in October

Description

The last two trading days have brought some relief to investors after a tough month of September. With the bond yield continuing to fall, global equity markets rebounded strongly, with the **S&P/TSX Composite Index** rising 5%. After the last two day's surge, the Canadian benchmark index is down just 8.8% for this year. So, as the market looks to bounce back, here are my three top [metal picks](#).

Teck Resources

Teck Resources ([TSX:TECK.B](#))([NYSE:TECK](#)) is a mining and mineral development company that extracts and produces copper, zinc, and steelmaking coal. Despite the challenging environment, the company has delivered impressive performances this year, thus increasing its stock price. It's trading 24% higher this year, comfortably outperforming the broader equity markets.

In the June-ending quarter, Teck Resources reported a record adjusted EBITDA (earnings before interest, taxes, depreciation, and amortization) of \$3.3 billion, three times more than its previous year's quarter. Higher commodity prices and solid supply chain performance on the company's \$800 million upgrade of North Vancouver's Neptune Bulk Terminal led the steelmaking coal vertical to deliver record gross profits of \$2.5 billion for the quarter.

Growth in the remaining three verticals also drove its financials higher. Amid its solid second-quarter earnings, the company bought back \$572 million worth of shares while lowering its debt by US\$650 million.

Meanwhile, I expect the uptrend to continue as easing recession fears amid cooling bond yields could stabilize commodity prices and benefit Teck Resources. Plus, the company is progressing with the construction of its QB2 facility, which could further strengthen its copper production capabilities. So, the company's outlook is healthy. Also, its valuation looks attractive, with the company currently trading at 7.1 times its subsequent four-quarter earnings, making it an excellent buy.

Kinross Gold

Amid the growing volatility in the equity markets, gold mining companies are witnessing strong buying, including **Kinross Gold** ([TSX:K](#))([NYSE:KGC](#)), which rose 20.6% last month. Despite the surge, the company, which has operations in the United States, Brazil, Mauritania, Chile, and Canada, trades 24.4% lower this year. Also, it currently trades at 1.3 times its subsequent four-quarter sales, lower than its historical average.

Meanwhile, Kinross announced a new share repurchasing program last month, committing US\$300 million to repurchasing shares for the rest of this year. The company plans to utilize 75% of its excess cash for share repurchases in 2023 and 2024, thus gaining traction among investors. Kinross also sold its Chirano mine in Ghana to Asante Gold, thus providing net proceeds of \$225 million in cash and shares.

Further, Kinross expects to produce 2.3 million gold equivalent ounces next year, representing a 15% increase compared to this year's projections. So, given its healthy outlook and attractive valuation, I am bullish on Kinross Gold.

Ivanhoe Mines

My final pick would be **Ivanhoe Mines** ([TSX:IVN](#)), which operates three primary projects in Southern Africa. It commissioned Kamoa-Kakula's Phase 2 copper concentrator plant four months ahead of schedule in March, while commercial production began in April.

The company is also progressing with its de-bottlenecking program, which could increase its copper production to 9.2 million tonnes per annum from its current 7.6 million tonnes. Meanwhile, the company's management expects to complete this de-bottlenecking program by the second quarter of 2023. So, the increased production could drive the company's financials in the coming quarters.

Ivanhoe Mines has lost around 8% of its stock value this year and trades at an attractive NTM (next 12 months) [price-to-earnings](#) of 22.4, which is lower than its historical average. Considering all of these factors, I believe Ivanhoe Mines would be an excellent addition to your portfolio.

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2. Metals and Mining Stocks

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2. NYSE:TECK (Teck Resources Limited)
3. TSX:IVN (Ivanhoe Mines Ltd.)
4. TSX:K (Kinross Gold Corporation)
5. TSX:TECK.B (Teck Resources Limited)

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