



2 Mining Stocks That Could Shine With Rising Commodity Prices

Description

Given the [uncertain economic picture](#), the outlook for commodities is hard to ascertain. Still, data from **Bank of Montreal's** commodity index shows that prices of 20 key commodities, including energy products and metals, increased by 0.7% in October 2022. According to BMO, commodities have taken a breather following a protracted post-invasion correction.

Currently, the materials sector, where [mining companies](#) belong, is down 6.96% year to date, although it's doing better or outperforming seven other primary sectors. However, should commodity prices bounce back or rise again in 2023, mining stocks like **Yamana Gold** ([TSX:YRI](#)) and **B2Gold** ([TSX:BTO](#)) could shine brighter, too.

Standout production results

Yamana Gold is among the steadiest stocks amid the heightened market volatility in 2022. At \$6.39 per share, the mining stock is beating the broader market year to date at +25.46% versus -8.85%. This \$6.14 billion company produces gold and silver and focuses on the Americas. It has development-stage and exploration-stage properties plus land positions in Canada, Argentina, Brazil, and Chile.

In the third quarter (Q3) of 2022, Yamana reported standout production results from the Canadian Malartic and Jacobina mines. The combined 216.673 ounces gold production exceeded management's plan. Notably, the productivity gains in the third quarter offset the impact of inflation on costs. However, net earnings declined 26.7% to US\$19.8 million versus Q3 2021.

Because of the overwhelmingly strong production performance (gold and silver) in October 2022, Yamana expects a strong finish to the year. Management expects its balanced approach to capital allocation to generate significant and growing cash balances.

This year's guidance or target is US\$150 per GEO (gold equivalent ounce) of sustaining capital and net expansionary capital not exceeding US\$175.0 million annually on average. Furthermore, the YAMANA 1.5 Plan supports a 50% production growth (up to 1.5 million GEO) within a 10-year outlook horizon. The board-approved plan consists of multiple low-risk, low-capital projects.

Bullish sentiment

B2Gold trades at a slight discount (-8.7% year to date), although market analysts covering the mining stock recommend a strong buy rating. Their 12-month average price target is \$6.88, or a return potential of 56.4%. The bullish sentiment stems from a strong financial position and unchanged full-year 2022 total gold production.

The \$4.99 billion international gold mining company has three operating gold mines (Mali, Namibia, and the Philippines) plus other development and exploration projects. Despite the year-over-year declines in gold revenue (0.6% to \$197 million) and production (14.6% to 101,546 ounces) in Q3 2022 versus Q3 2021, management expects strong production in Q4 2022.

B2Gold maintains its total gold production guidance of between 990,000 and 1,050,000 ounces for the full-year 2022. However, the company expects global cost inflation and notably higher fuel costs to impact operations. Fortunately, in the first nine months of 2022, consolidated cash operating costs and all-in sustaining costs were still in line with the budget.

Note that you can earn two ways from B2Gold. Besides the potential capital gain, the mining stock pays an attractive 4.85% dividend.

Established mining operations

Investing in mining stocks carries a certain level of risk, because commodity prices are inherently volatile. Yamana and B2Gold stand out because their mining operations are well established. More importantly, they are undervalued today vis-à-vis their growth potential.

CATEGORY

1. Investing
2. Metals and Mining Stocks

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