2 Canadian Mining Stocks Worth a Dig in February 2023

Description

The Canadian metals and mining sector has seen impressive growth over the past three years. Revenue growth in this sector has averaged approximately 15%, driven by rather consistent commodity price growth over this period. Accordingly, as a hedge against volatility, investing in mining stocks has mostly had its intended effect.

Given the strong fundamental performance of many Canadian mining stocks, it may be hard to pick a few winners. Here are two such companies I think have incredible upside from here, despite this run.

Let's dive in.

Newmont Gold

Newmont Gold (TSX:NGT) has gained about 4% in the last year, outperforming S&P 500, which was down by 4% during the same period. This is the result of a sudden hike in the price of gold which accounts for 90% of Newmont's revenue. The price of gold has increased by roughly 10% since November 2022. Hence, this industry is facing softer inflation than the other industries.

Additionally, the Newmont board of directors has declared a dividend of $0.55 per share for its third quarter. This dividend was payable on Dec. 29 to shareholders as of record on Dec. 8. As per Chief Executive Officer and President Tom Palmer, with this dividend payment, the company has steadily returned $4 billion to the stakeholders since the introduction of the dividend framework.

As of the time of writing, Newmont Gold has a decent dividend yield of above 4.2%, and the current stock price stands at $52 level.

Agnico Eagle

Agnico Eagle's (TSX:AEM) senior officer Jean Robitaille has recently traded 500 shares of the company in exchange for $70.50 per share, totaling $352,500. The mining firm has a market capitalization worth $32 billion and a price-to-earnings ratio of 37 times at the time of writing.

Agnico Eagle recently posted its third-quarter results in October 2022 with revenue of $1.89 billion and earnings per share of 68 cents, exceeding the analyst's estimate by nine cents.

Agnico's dividend yield remains robust, evidenced by a recent dividend declaration. The company paid out a dividend of 53.3 cents per share on Dec. 15. This amounts to an annualized rate of $2.21 per share, or 0.314%.

Indeed, both Newmont and Agnico provide relatively juicy yields today, relative to their historical average. Much of that has to do with where the price of gold is trading at today. However, should gold prices remain robust from here, it's possible investors could see greater growth in addition to dividend hikes on the horizon.

CATEGORY

1. Investing
2. Metals and Mining Stocks

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2. TSX:NGT (Newmont Mining Corporation)

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