Teck Stock: A Value Stock Worth Owning

Description

It can be really hard to buy a **TSX** stock when it's up. Even when it's trading in value territory, a value stock still has the threat of a fall if it's trading too high. But in the case of **Teck Resources** (TSX:TECK.B), it's worth the buy.

Today, I'm going to be going over why Teck stock is a great buy on the TSX today, and why the TSX stock continues to trade in value territory despite recent climbs.

What's happening with Teck stock?

Let's start small and broaden out from there. On the small scale, Teck stock currently offers value by simply looking at its fundamentals. The TSX stock trades at 6.9 times earnings as of writing, which certainly makes it a value stock.

Beyond that, the company has seen short-term growth as well. Shares are up 9% in the last month, 26% in the last three months, and 38% in the last year alone. Plus, it has a dividend yield at 0.86% to consider as well.

While this isn't necessarily the best dividend yield out there, it's important to turn to what the company has been doing to create such returns.

Stable growth, and smart moves

First off, consider that Teck stock is in the industry of mining for basic materials. This is important because basic materials mean necessities. These are essential products we need to go about our daily life. Whether it's coal to make steel, silver for batteries, or copper for wiring, it's all covered by Teck stock.

Yet, TECK stock did start to fall in the beginning of 2022 as some worried its balance sheet wouldn't hold. However, a $1 billion sale of a stake in the Fort Hills oil sands project soon fixed those fears, and shares have since climbed back upwards again.

What's more, the share growth coming from its strengthened balance sheet hasn't dwindled. The climb has only continued, and this is due to the company's strong financial position coupled with stable growth from its basic materials focus.

Long-term value

Now consider the long-term implications of holding such a stock, beyond the TSX today. Teck stock has been around for decades. Because of this, it offers historical data we can look back on to see how the future might look for the company as well.

In that sense, Teck stock has grown 1,238% in the last 20 years alone. This has created a compound annual growth rate (CAGR) of 13.8% as of writing. Granted, if you look at that performance, the stock tends to drop during a recessionary environment as inflation and interest rates have to contend with the sale of its products. However, it has bounced back again and again.

So while it trades well within value territory, investors looking for a TSX stock to continue through a recession would do well to consider Teck stock. It's likely to continue climbing not just in the near future, but certainly in the distant future as well. You can lock it up at a solid rate, and put on blinders for the next 20 years. By then, who knows? You may be looking at growth of 1,238% once more.

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