



Top Canadian Basic Materials Stocks of 2023

Description

The basic materials sector is comprised of companies that produce raw materials, such as steel, aluminum, and crude oil. These companies are the backbones of the global economy: without them, we wouldn't have the basic ingredients to manufacture essential products, such as cars, buildings, houses, clothing, rechargeable batteries, and consumer electronics.

Because so much depends on this crucial [market sector](#), materials companies are often large, thriving businesses that generate massive profits, both for themselves and the investors who own shares of their stock. That said, the materials sector is highly cyclical: when the economy is thriving, these companies might perform well; but when the economy falters, they're often the first to suffer.

Investors who want to profit from materials stocks have a lot of options. Below, we'll break down the materials sector and help you understand the risks and rewards of investing in it.

What are materials stocks?

Materials stocks are companies that find, develop, and sell unprocessed or natural materials. They typically make money by selling raw materials (sometimes called "feedstock") to companies in other market sectors, which then process the materials into finished products for sale.

Raw materials are often natural resources, such as stone, though they could be human-made materials, too, like chemicals. The following are the five most common sub-sectors of the raw materials industry:

- Chemicals, such as plastic.
- Construction materials, such as iron ore and stone.
- Containers and packaging, such as cardboard boxes and food containers.
- Paper and forest products, such as timber and paper reams.
- Metal and mining, such as gold, silver, and lithium.

Top materials stocks in Canada

The materials sector in Canada is massive. In fact, Canada is a leading producer of many of the world's raw materials, such as gold, silver, cobalt, timber, and nickel. To help you invest in materials stocks, let's break it down into nine different subsections:

- Lithium
- Gold
- Silver
- Copper
- Steel
- Aluminum
- Timber
- Paper
- Crude oil

Top lithium stocks in Canada

Lithium is a key ingredient in rechargeable batteries, laptops, tablets, cellphones, digital cameras, medical equipment (like heart pacemakers), glass, and ceramics. Because of its use in electric vehicles and renewable energy (such as solar and wind), the demand for lithium is expected to quadruple by 2030.

Here are some major [lithium stocks in Canada](#) you might want to consider:

Lithium Stocks	Description
Lithium Americas (TSX:LAC)	Vancouver-based mining company with lithium projects in Argentina and the United States
Sigma Lithium (TSXV:SGML)	Lithium producer with a heavy focus on sustainable and low-carbon mining
Albemarle (NYSE:ALB)	One of the largest producers of lithium for electric vehicles in the world

Top gold stocks in Canada

[Gold stocks](#) are mining companies whose principal activity is finding and extracting gold. They're considered safe-havens against volatility, inflation, and market downturns.

The following three are some of Canada's biggest gold mining companies:

Gold Stocks	Description
Barrick Gold (TSX:ABX)	One of the world's largest producers of gold (and the largest gold stock on the TSX)
Franco Nevada (TSX:FNV)	Gold-focused streaming and royalty company with a hefty dividend
Kirkland Land Gold (TSX:KL)	Gold development and exploration company with mines in Canada and Australia

Top silver stocks in Canada

Silver stocks are mining companies that refine and produce silver. Like gold, silver stocks are generally considered safe stocks, especially since silver is used to produce many essential and high-demand products, such as water purification, medicines, cars, solar panels, electronics, and jewelry.

Some [Canadian silver stocks](#) to consider:

Silver Stocks	Description
Wheaton Precious Metals (TSX:WPM)	Large streaming company that has interests in 23 operating mines and 13 international projects
Pan American Silver (TSX:PAAS)	Large exploration and development company with silver mines in Central and South America
Yamana Gold (TSX:YRI)	Mining company with gold and silver mines throughout North and South America

Top copper stocks in Canada

Copper is a versatile metal that plays a key role in the development of semiconductors, electrical wires, telecommunication cables, electric vehicles, and renewable power sources. Like lithium, copper is a key ingredient in renewable batteries, making it an essential product for green energy companies and EV manufacturers.

Popular [copper stocks](#) are:

Copper Stocks	Description
Teck Resources (TSX:TECK.B)	Diversified mining company with a major copper mine in Chile (Quebrada Blanca 2)
Turquoise Hill Resources (TSX:TRQ)	Global mining company with a large copper mine in Mongolia
Filo Mining (TSX:FIL)	Exploration company that's currently developing a copper mine in Chile (Filo del Sol)

Top steel stocks in Canada

The world is built on steel—literally. From infrastructure to buildings to bridges, steel dominates skylines and cities. Not only that but it's also used to make heavy machines and cars.

Major steel stocks in Canada include:

Steel Stocks	Description
Stelco Holding (TSX:STLC)	Large Canadian steel producer with clients in the automotive, energy, and construction sectors
Labrador Iron Ore Royalty (TSX:LIF)	A royalties company with a 15.1% stake in Iron Ore Company of Canada (IOC)
Russel Metals (TSX:RUS)	A metal distribution company that sells high volumes of steel to service centers in North America

Top aluminum stocks in Canada

Aluminum stocks are companies that mine bauxite (the most common ore of aluminum) and manufacture it into various products.

Major [aluminum producers](#) in North America include:

Aluminum Stocks	Description
Rio Tinto (NYSE:RIO)	Diversified mining company with five bauxite mines, four alumina refineries, and 14 smelters
Alcoa (NYSE:AA)	Massive aluminum producer and one of the world's largest miners of bauxite
Arconic (NYSE:ARNC)	Major producer of aluminum sheets, plates, and extrusions

Top lumber stocks in Canada

Lumber stocks are companies whose main products are wood and wood pulp. These companies conduct activities from cutting down trees to milling 2 x 4s and making particleboard for furniture.

Top [lumber stocks in Canada](#) include:

Lumber Stocks	Description
West Fraser Timber (TSX:WFG)	One of Canada's largest lumber companies
Canfor (TSX:CFP)	A major Canadian integrated lumber company with production facilities across Canada
Stella Jones (TSX:SJ)	Lumber producer that specializes in utility poles

Top paper stocks in Canada

Paper stocks are companies that manufacture raw materials out of wood pulp, such as tissue, cardboard boxes, specialty papers, newsprint, and consumer writing paper.

Top paper stocks in Canada include:

Paper Stocks	Description
Domtar (TSX:UFS)	Paper manufacturer that produces commercial and specialty papers
Resolute Forest (TSX:RFP)	Montreal-based paper company that sells tissue, newsprint, and specialty papers to nearly 50 countries
Cascades (TSX:CAS)	Paper manufacturer that specializes in making products from recycled fibres.

Top oil stocks in Canada

Despite the global push for renewable energy, the oil sector still provides essential commodities, like natural gas and crude oil.

In Canada, the [best oil stocks](#) include:

Oil Stocks	Description
Enbridge (TSX:ENB)	Massive pipeline company that transports 30% of the oil produced in North America
Canadian Natural Resources (TSX:CNQ)	Canada's largest producer of oil and natural gas
Suncor (TSX:SU)	Canadian oil producer that also sells retail gas through Petro-Canada

Should you invest in materials stocks?

Before you invest in basic materials stocks, understand that the materials sector is [cyclical](#), meaning its performance is tied to the strength of the overall economy. When the economy is thriving, materials stocks tend to perform exceptionally well, as companies need basic materials to produce more

consumer products.

But the reverse of this is also true. During recessions or economic downturns, materials companies often take the brunt of the blow. Because fewer consumers have the income to buy products, there's less demand for raw materials, forcing materials companies to sell goods at a lower price.

Other factors that can challenge materials companies include high inflation, supply chain disruptions, geopolitical turmoil (especially in countries where raw materials are found), and new legislations or regulations.

That shouldn't discourage you from investing in this essential market sector. But it should caution you from investing too much of your portfolio in materials stocks.

The best materials companies are large, older, and have a strong financial footing. Their operations are typically diversified, meaning they generate revenues from more than one source, and their operating costs will be low. Low debt, along with strong cash flow, allows these companies to make substantial money when the economy is booming, not to mention fend off financial disasters should the economy falter.

TICKERS GLOBAL

1. NYSE:AA (Alcoa Corporation)
2. NYSE:ALB (Albemarle Corporation)
3. NYSE:ARNC (Arconic)
4. NYSE:RIO (Rio Tinto plc)
5. TSX:ABX (Barrick Mining)
6. TSX:CAS (Cascades Inc.)
7. TSX:CFP (Canfor Corporation)
8. TSX:CNQ (Canadian Natural Resources Limited)
9. TSX:ENB (Enbridge Inc.)
10. TSX:FIL (Filo)
11. TSX:FNV (Franco-Nevada)
12. TSX:LAC (Lithium Americas Corp.)
13. TSX:LIF (Labrador Iron Ore Royalty Corporation)
14. TSX:PAAS (Pan American Silver Corp.)
15. TSX:RFP (Resolute Forest Products)
16. TSX:RUS (Russel Metals)
17. TSX:SJ (Stella-Jones Inc.)
18. TSX:STLC (Stelco Holdings Inc.)
19. TSX:SU (Suncor Energy Inc.)
20. TSX:TECK.B (Teck Resources Limited)
21. TSX:TRQ (Turquoise Hill Resources)
22. TSX:UFS (Domtar Corporation)
23. TSX:WFG (West Fraser Timber Co. Ltd.)
24. TSX:WPM (Wheaton Precious Metals Corp.)
25. TSX:YRI (Yamana Gold)

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