



Why First Majestic Silver Corp Might Keep Losing Its Luster

Description

While Fools should generally take the opinion of Wall Street with a grain of salt, it's not a bad idea to take a closer look at particularly stock-shaking upgrades and downgrades — just in case their reasoning behind the call makes sense.

What: Shares of **First Majestic Silver Corp** ([TSX:FR](#)) slipped slightly in premarket trading Thursday after TD Securities downgraded the silver explorer from buy to hold.

So what: Along with the downgrade, analyst Daniel Earle reiterated his price target of \$15.50, representing about 24% worth of upside to yesterday's close. While contrarians might be attracted to yesterday's earnings-related pullback, Earle thinks that First Majestic's forward valuation isn't too attractive *relative* to other silver miners.

Now what: According to TD, First Majestic's risk/reward tradeoff is pretty balanced at this point. "Q4/13 cash costs were slightly higher than we had anticipated, while capital expenditures were in line," noted Earle. "With the company expected to generate negative free cash flow in 2014 and as it is now trading in line with its peers on our estimates, we are downgrading our recommendation to HOLD (from Buy)."

Of course, with First Majestic still off about 30% from its 52-week high, that bearishness might be providing resource-savvy Fools with a shiny long-term opportunity.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:FR (First Majestic Silver)

Category

1. Investing

Date

2025/07/06
Date Created
2014/02/27
Author
bpacampara

default watermark

default watermark