



## 3 Silver Miners to Buy Now

### Description

It has been a tough year for investors in silver mining stocks, with the precious metal seeing its price plunging by over 14% and stubbornly remaining under US\$20 per ounce.

However, a number of analysts are predicting that silver will rebound, making now the time to acquire beaten down silver mining stocks.

### Now what?

There is a close correlation between the price of silver and gold. This is represented by the gold-to-silver ratio that has widened significantly over the last year. It has gone from 66 ounces of silver to purchase one ounce of gold to now require 71 ounces of silver per ounce of gold. With the ratio now well beyond its historical average of 50-60 ounces, a number of analysts are guessing that silver will rally and the ratio will fall to 60 by the end of 2015.

I believe now the time for investors to add silver stocks to their portfolios. Beaten primary silver miner **First Majestic Silver Corp.** ([TSX:FR](#))([NYSE:AG](#)) is my pick among the miners. The company recently reported its full year 2014 results and these were in line with analyst expectations. It also has some of the lowest all-in-sustaining-costs (AISCs) among its peers, and these are expected to be between US\$13.96-14.98 per ounce for 2015. This allows it to remain profitable even if silver prices fall further, and with these costs being fixed, it offers a levered bet on silver.

A more speculative high-risk, high-reward play is **Silver Standard Resources Inc.** (TSX:SSO)(NASDAQ:SSRI). It has a large asset base composed of 48 million ounces of silver, along with almost 3 million ounces of gold. For 2014 it reported a net loss, but this can be attributed to a number of non-cash impairment charges against its mine assets because of weak silver prices. More importantly, it is a relatively low-cost operator and has a high degree of liquidity with cash and cash equivalents of US\$185 million.

My final choice is precious metals streamer **Silver Wheaton Corp.** (TSX:SLW)(NYSE:SLW). It may not be a silver miner, but it still offers investors a levered play on silver with lower risk than any of the miners because it doesn't engage in mining activities. As a result, this significantly reduces its

operating costs and allows it to remain profitable. This is because its royalty and streaming agreements allow it to purchase silver at about a quarter of the spot price. It also means that even a slight uptick in the price of silver will have a significant positive impact on its financial performance.

### **So what?**

Now may not be the ideal time to be investing in precious metals, but with silver set to rebound, there is an opportunity for investors. All three stocks offer a solid opportunity to cash in on this rally, with Silver Wheaton being the least risky play and Silver Standard the most speculative. Each stock also allows investors to weatherproof their portfolio against the growing economic and geopolitical volatility that is affecting the global economy.

### **CATEGORY**

1. Investing
2. Metals and Mining Stocks

### **TICKERS GLOBAL**

1. NYSE:AG (First Majestic Silver)
2. TSX:FR (First Majestic Silver)
3. TSX:WPM (Wheaton Precious Metals Corp.)

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mattsmith

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