



## Believe in Solar? Buy Silver Wheaton Corp.

### Description

One of the reasons that I love silver and hate gold as an investment is because I like my investments to have meaning. Specifically, I like to know that if people decided the resource wasn't a good store of value, there would still be considerable need for the metal from an industrial perspective. The reality is that gold doesn't have a ton of industrial use.

Silver, on the other hand, is used in plenty of electronics. In particular, silver is an absolute must in the solar industry. If you believe that solar power is going to become even more important as time goes on, then you should seriously consider acquiring shares in **Silver Wheaton Corp.** (TSX:SLW)(NYSE:SLW).

To understand why silver is so necessary, it helps to understand what's happening with a solar panel. When the sun hits the silicon in the solar panel, considerable electrons are created. These negatively charged ions are what will turn into electricity down the line. Silver comes in as the conductor that collects that electrons. There are plenty of other conducts out there—copper is one that we all know about—but silver remains one of the most efficient in the market.

The average solar panel requires about two-thirds of an ounce of silver, which is equal to 20 grams. With an ounce of silver costing \$20.70, each solar panel requires \$13.62 in silver. When you think about it, other electronics, such as laptops and cellular devices, require much less, often less than a gram. Therefore, it becomes much easier to see that the demand for silver is going to be rooted firmly in the solar industry.

However, because of how much silver is needed, solar panel creators are working to try to minimize the amount of silver that is needed. And that is to be expected. However, the amount of silver used across the entire industry is bound to increase even while the amount used per panel decreases because countries around the world are finally starting to accept that they need to do their part to keep the environment clean.

### So, what about Silver Wheaton?

Silver Wheaton is my favorite play in the silver business because it operates as a financier of mines rather than as a miner itself. Specifically, it agrees to a certain price per ounce of silver that other

mines find and gives them the money to launch their operations. This helps both sides because Silver Wheaton gets silver at a reduced price, and a miner looking for copper can get the funding needed to launch.

This works out to a really lucrative business model. In 2014 the company's cost per ounce of silver was US\$4. It could then turn around and sell that same silver for US\$19. I don't know about you, but \$15 of profit per ounce of silver sounds pretty sweet to me.

And Silver Wheaton clearly understands that demand is only going to be greater in a few years than it is today. In 2014 the company saw production of 35.3 million ounces of silver. The company anticipates this growing to 51 million ounces by 2019. A lot of that demand is going to come from the solar industry.

So, if you're a believer in the solar industry and think it is going to replace many of our sources of electricity, you should buy Silver Wheaton now because when solar rises, so will Silver Wheaton.

## CATEGORY

1. Investing
2. Metals and Mining Stocks

## TICKERS GLOBAL

1. TSX:WPM (Wheaton Precious Metals Corp.)

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