



Silver Wheaton Corp. Is 1 Company I Can Get Behind

Description

If you are looking for a company that has an excellent business model and a particularly bright future, you should look no further than **Silver Wheaton Corp.** (TSX:SLW)(NYSE:SLW). While on the surface Silver Wheaton looks like a battered company, if you dig deep, you'll soon realize that the future is quite bright.

Silver Wheaton has a great business model

The primary reason that Silver Wheaton is so high on my list of companies is because of its business model. In essence, it is a mining company that doesn't actively manage any mines itself, which ensures that its capital expenses are much lower than other mining companies.

The reason this is possible is because Silver Wheaton acts as the financier for other mines that are looking to get off the ground. Resources are not isolated. In a single dig site, there might be copper, silver, and gold. And if that new mine is only focused on copper, there's no reason for it to care about the silver and gold.

However, launching a new mine is very expensive. What Silver Wheaton offers to do is invest the money to launch the mine in exchange for the gold and silver at a significantly reduced price. For example, silver might cost \$19/ounce, but the company signs an agreement to pay \$4.50/ounce. That allows for significant profit margins.

Silver is needed for solar energy

With the push by countries to create more environmentally clean energy, many are looking to invest in giant solar farms. One of the key components in solar panels requires a significant amount of silver. The way it works is that the sun hits the silicon in the solar panel, which results in the creation of electrons. Silver, an incredible conductor, collects those electrons and guides it to be used for electricity.

The average solar panel requires about 20 grams of solar, which is over 20 times greater than what laptops, phones, etc. require. Therefore, each solar panel requires over \$14 worth of silver.

As more solar panels are created, this is going to push the demand for silver even higher, which will make the overall profit margins far greater for Silver Wheaton. If you want Silver Wheaton to succeed, you should be rooting for solar energy to take off.

The time to buy is now

Silver Wheaton has been in a trading trend over the past year and a half. The stock will rise to \$30 and then fall down to a range of \$18-21. It'll then rise up again and then drop. Based on its current price, I believe the stock is definitely a buy. If you're a long-term holder, don't worry about this range because it will blow past \$30 when demand significantly increases. However, if you're a trader, this is a predictable trend that could allow for you to make decent profits while waiting for the long-term trend to take place.

CATEGORY

1. Investing
2. Metals and Mining Stocks

TICKERS GLOBAL

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

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Date

2025/08/05

Date Created

2015/06/26

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