



## How President Obama Can Make Silver Wheaton Corp. Soar

### Description

A couple of weeks ago, President Obama announced an aggressive plan to try and prevent the severe effects of climate change. The goal of his plan is to see a decrease in the use of coal and other carbon-based energy sources for the creation of electricity. In its place, Obama is hoping that power plants will use clean energy such as wind, hydroelectric, and solar.

According to the White House, ever since Obama took office, the amount of energy generated from solar power has increased 10-fold. But you're talking about an industry that was nascent at the time. Now, solar power is quickly becoming a favourite among clean-energy proponents.

Therefore, I believe that this will result in a dramatic increase in solar panel adoption. And this is going to have a significant impact on the price of **Silver Wheaton Corp.** (TSX:SLW)(NYSE:SLW).

Silver Wheaton is a silver streamer, which means that instead of operating its own mines, it acts a financier for other mine operators. This is significant because Silver Wheaton is able to get silver at bottom-barrel prices without having to worry about all the hassle that goes into running an actual mine.

And the business model works. In 2014 it was able to get silver for about US\$4 an ounce and then sell it for market rates. At today's prices of US\$15, that's a profit of US\$11. I'll take those kind of margins any day.

### Silver is a **MUST** for solar

To understand why silver is a must, it helps to understand how solar panels work. When the sun hits the silicon on the solar panel, the output is electrons. Electrons are negatively charged ions that, down the line, becomes the same electricity that is powering my laptop to write this article. There is a piece of metal that acts as a conductor for these electrons to move them towards wires, which is how we get the electricity.

To this day, one of the best conductors on the market is silver. So, every time you see a solar panel, what you are seeing is silver transferring electrons to wires so that we can have power.

What's so great for investors is that the average solar panel requires two-thirds of an ounce of silver, which is equal to 20 grams. If we were to do the math, each solar panel requires about US\$10 of silver to be operational.

Because of President Obama's edict that the United States needs to generate more power from clean sources, I expect the solar industry to grow even faster than it already has, resulting in further demand for the precious metal.

### **Buy now**

The good news is that Silver Wheaton is at an unusually low price right now, making it an insanely attractive acquisition. The price of the stock hasn't been this low in over five years. My philosophy with these sorts of scenarios is that if the company is sound and it has a bright future, it's time to buy. And if the price is as depressed as it is, it's really time to buy.

### **CATEGORY**

1. Investing
2. Metals and Mining Stocks

### **TICKERS GLOBAL**

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

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