



Buy Silver Wheaton Corp. to Bet on Solar Power

Description

As world leaders accept the fact that global warming is occurring, there is a move towards finding more renewable sources of energy. One of the most commonly referenced sources of energy is solar power. It makes perfect sense. There is a giant ball of gas in our solar system that could provide more than enough electricity for our planet.

But for solar panels to exist, there needs to be a conductive metal. The way solar panels work is rather simple: the sun hits the silicon, which results in negatively charged electrons releasing from the silicon. These ions then have to be transported to an inverter, so they can be converted into electricity. The way this works is with a very strong conductor: silver.

In essence, the silver is acting as the conduit to ensure that the electrons can get from point A to point B. It's the electrical highway. Because of this need for silver, the demand for the precious metal is going to rise as more countries around the world deploy solar farms.

What's so spectacular is that quite a bit of silver is needed for each solar panel. Right now, each panel needs approximately 20 grams of silver. At current prices, that is approximately US\$10 of silver to create each panel. While the need for this much silver might go down as new technological innovations occur, the reality is that right now, it is one of the most efficient forms of conduction on the planet.

Because of this, I believe investors should buy **Silver Wheaton Corp.** (TSX:SLW)(NYSE:SLW). The company is a silver streamer rather than a mine operator. It provides financing to other mines and, in exchange for guaranteed financing, it gets the silver that those miners find at reduced prices.

For example, if someone launching a copper mine isn't interested in silver. Silver Wheaton would come along, help finance the mine, and then when silver—and gold—is found, Silver Wheaton would get it for a serious discount.

It's really a no-brainer. In 2014, Silver Wheaton was paying approximately US\$4 per ounce. It could then turn around and sell it at the market rate, which is approximately \$US15. A US\$11 margin per ounce really makes the business very successful. And if demand for silver goes up as demand for solar panels goes up, this stock could soar.

Right now, I believe it is a great time to buy the company. It has dropped from \$29.77 a share from its 52-week high down to \$16 a share. Whenever a company drops this much, when I know that its underlying commodity is going to be in hot demand, I look at the company as a buy.

Fundamentally, if you believe in solar power as the future of electricity generation, you should buy Silver Wheaton.

CATEGORY

1. Investing
2. Metals and Mining Stocks

POST TAG

1. Editor's Choice

TICKERS GLOBAL

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

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