



## Silver Wheaton Corp.: Should You Buy Now?

### Description

Silver prices are on the slide again, and investors are wondering if the pullback in **Silver Wheaton Corp.** (TSX:SLW)(NYSE:SLW) is a buying opportunity.

### Fed effect

The long-expected interest rate hike by the Federal Reserve is driving the U.S. dollar higher and hitting gold and silver prices. Silver is now trading below US\$14 per ounce again, extending a losing streak that has lasted nearly five years.

With more rate increases on the horizon, there is a risk that gold and silver could remain under pressure, but silver might buck the trend and actually rise.

### Demand and supply

Most of the planet's silver production comes from mines that are set up to produce base metals such as copper and zinc. These commodities are also under heavy pressure, and mining companies are scaling back expansion plans and shelving projects for new development.

That is going to impact silver supplies in the coming years just when it looks like demand could surge.

Silver is an important component in the manufacturing of solar panels. The solar industry has gone through some rough times in recent years, but the future looks particularly bright.

A global push toward the use of renewable energy is gaining steam and solar panel costs have come down to the point where choosing the technology makes economic sense.

Industrial installations are popping up all over the planet, and that means silver demand is going to increase.

The solar industry also just received a shot of support in the United States as big tax credits for wind and solar projects have been extended. Solar installations in the U.S. could increase by 50% over the

next five years as a result, according to one analyst.

### **Silver Wheaton's outlook**

Silver Wheaton is not a miner; it simply provides upfront cash to mining companies in return for the right to purchase the gold or silver by-product produced at the mine for several years or even the entire operating life of the facility.

The company is taking advantage of the difficult conditions in the market to secure new supply deals at favourable rates and more agreements are likely on the way.

Silver Wheaton expects 2015 production to be about 44.5 million silver equivalent ounces. That should to grow to at least 55 million ounces by 2019.

The best part for investors? Most of the production growth is already funded.

### **Should you buy?**

The market could be volatile in the near-term as the effects of the rate hike work their way through the system, so investors should be careful about jumping in with both feet at this point.

As a long-term investment, Silver Wheaton looks like an attractive bet. I wouldn't back up the truck, but it might be worthwhile to start adding the stock to your portfolio if the shares fall much further.

### **CATEGORY**

1. Investing
2. Metals and Mining Stocks

### **TICKERS GLOBAL**

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

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