



## Silver Wheaton Corp. Is Set up for Growth

### Description

**Silver Wheaton Corp.** (TSX:SLW)(NYSE:SLW) is one of the best performing stocks in the market this year. The company is up 35% year-to-date and continues to forge ahead on all fronts.

Here are few reasons why this may be the company you should add to your portfolio.

#### **Silver Wheaton is not a miner**

Silver Wheaton is a streaming company, not a mining company. Streamers have a different business model, which can be incredibly lucrative for investors.

Streamers provide upfront payments to mining companies, who in turn use those funds to get the mining infrastructure ready to commence operations. Streamers will then get the mined metals from the miners at a discounted price, which can then be sold for the much higher market rate.

The discounted price the streamer gets for the metal is one of the advantages of the streaming model. Streaming prices can be as low as US\$400 per ounce for gold and US\$4 per ounce for silver. To put those prices into context, the current spot price for gold is US\$1,235 per ounce, and US\$17 per ounce for silver.

Streamers are not exposed to the same risks as traditional miners. While this puts Silver Wheaton in an advantageous position, the flip side is that streamers are still tied to the production levels of miners, who have cut production level in recent times to deal with depressed metal prices.

#### **Metal prices and demand are finally rising**

Gold prices had their first real growth over the past few months after a prolonged period of low prices that started back in 2011. When gold and silver prices dropped, they were over US\$1,900 per ounce for gold and over US\$40 per ounce for silver.

Currently, gold trades at over US\$1,230 per ounce and silver is over US\$17.

During the past year, Silver Wheaton had record output of 47.7 million silver equivalent ounces and is on track for that figure to hit 54 million this year.

As demand for precious metals increases, the price for metals should continue to inch forward. Silver in particular is a core component in the construction of solar panels. Demand for solar panels is increasing and is set to increase further as countries move towards renewable energy sources over fossil fuels.

### **Problems with the CRA**

Silver Wheaton is in the midst of an ongoing dispute with CRA relating to earnings from a foreign subsidiaries. If the outcome of the matter goes to the CRA's favour, Silver Wheaton could be liable for up to US\$380 million relating to the 2005-2010 tax period and a further US\$310 million stemming from the 2011-2013 period.

A decision over the matter is not likely for some time and, because the issue is known among investors, the current price of the stock likely factors in much of this news.

In my opinion, Silver Wheaton remains a great option for investors looking for growth. Given the current price and projections for precious metals, as well as Silver Wheaton's attractive business model, investors will be more than pleased with the results of owning this stock.

### **CATEGORY**

1. Investing
2. Metals and Mining Stocks

### **TICKERS GLOBAL**

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

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