



Silver Is Rising: Do Not Sleep on Silver Stocks

Description

Gold has once again established itself as a favourite safe haven in the midst of the crisis on the Korean Peninsula which has seen the threat of war grow between North Korea and the United States. However, in this article I want to focus on its unsung and undervalued counterpart: silver. In terms of raw prices, the spread in silver to gold currently stands at over 75:1, while the historic average is around 16:1.

Canadian silver producer **Silvercorp Metals Inc.** ([TSX:SVM](#))(NYSE:SVM), which is China's largest primary silver producer, saw an increase of 9.33% on September 5 to close at \$4.22. This is the first time the stock has breached the \$4.20 mark since June. The company announced its fiscal first-quarter 2018 results on August 3. Net income attributable to equity shareholders was up 134% from Q1 2017 to \$10.9 million. Sales were up 15% to \$39.7 million. Silvercorp also saw its cash holdings increase 6% from the previous quarter. The stock offers a dividend yield of 0.47% with a dividend of \$0.01 per share.

Pan American Silver Corp. ([TSX:PAAS](#))(NASDAQ:PAAS) is a Vancouver-based silver mining company that operates mines in the United States, Mexico, Peru, Bolivia, and Argentina. The company posted its second-quarter results for 2017 on August 9. Revenue increased 5% to \$201.3 million compared to Q2 2016. This was achieved due to higher precious metals prices and lower direct selling costs. Net earnings were \$36 million, or \$0.23 per share, compared to \$34.2 million net income in the second quarter in 2016.

The stock has increased 16.9% month over month as of September 5, bolstered in large part by earnings which shot the stock up double digits on the same day. Even in the face of volatile silver prices, the share price has grown 17% in 2017. The stock boasts a dividend yield of 0.53% and a dividend of \$0.03 per share.

First Majestic Silver Corp. ([TSX:FR](#))(NYSE:AG) is a Canadian silver mining company with five operational mines in Mexico. The stock has dropped 10.1% in 2017 and 42% year over year due to the sharp drop in metals prices that started mid-2016. The company released its second-quarter results for 2017 on August 3. Silver production decreased 16% to 2.3 million ounces. Revenues declined 13% to \$60.1 million as realized average silver price fell 2% to \$17.17 per ounce. Mine operating earnings fell

86% to \$1.4 million.

The stock has increased 16.8% month over month and saw a big boost after earnings. CEO Keith Neumeyer explained in the conference call that work stoppages and a strengthening peso contributed to weak revenue numbers. The company has committed to an increase in underground development, but the benefits of these investments are not expected to bear fruit for 12-24 months.

My favourite among these three stocks is Silvercorp Metals, which boasts great value after a fantastic quarterly earnings report. The stock threatened the \$6 mark early in 2017, and as silver prices again move towards, and perhaps pass, the key \$18 position, I like Silvercorp to benefit in a big way.

CATEGORY

1. Investing
2. Metals and Mining Stocks

TICKERS GLOBAL

1. NYSE:AG (First Majestic Silver)
2. NYSE:PAAS (Pan American Silver)
3. TSX:FR (First Majestic Silver)
4. TSX:SVM (Silvercorp Metals Inc.)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Investing
2. Metals and Mining Stocks

Date

2025/08/14

Date Created

2017/09/08

Author

aocallaghan

default watermark

default watermark