



Gold and Silver Exhale After a Summer Rally: Buy the Dip With These Stocks

Description

Gold and silver prices have begun to retreat from the highs reached in early September. Both metals had been on an incredible run since early July. Heightening tensions on the Korean Peninsula combined with a continuing weakness in the U.S. dollar converged to see gold reach its highest point since the autumn of 2016.

As the prices of both metals drop with a calming geopolitical climate, let's take a look at some of my top silver and gold equities for Canadian investors. Although gold and silver have emerged as something of a contrarian pick and attracted skepticism, it is still good to keep a portion of your portfolio in precious metals to protect against volatility and shocks.

Silvercorp Metals Inc. ([TSX:SVM](#))([NYSE:SVM](#)) continues to be my favourite silver stock listed on the S&P/TSX Index. The Canadian company is the largest silver producer in China, and the stock comes at a very attractive price. As of September 13, the stock dropped 3.82% to close at \$3.78. Shares have increased 20.7% in 2017 and fallen 11.7% year over year. Fiscal first-quarter results released on August 3 showed profit shoot up 134% and sales increase 13%.

Kinross Gold Corporation ([TSX:K](#))([NYSE:KGC](#)) is notable for bucking the trend of other gold equities. The stock has increased 36.5% in 2017 in spite of a dramatic plummet in metals prices that saw the election of Trump as the catalyst. Second-quarter results for the company released in August showed a reduction in revenue, but adjusted net earnings grew to \$54.9 million compared to a \$9.8 million net loss in Q2 2016. The company continues to reduce its production costs of sales and also comes at an attractive valuation for investors.

Shares of **Alamos Gold Inc.** ([TSX:AGI](#))([NYSE:AGI](#)) rose 2.16% on September 13. The stock has fallen 2.9% in 2017 and 12.2% year over year. The company recently acquired another North American mine when it settled on a \$933 million deal for the purchase of **Richmont Mines Inc.** Richmont produces gold from two mines located in Quebec and Ontario. Alamos released its second-quarter results on August 3 and saw cash flow increase 156% to \$51.4 million due to stronger operating margins. It produced a record of 105,900 ounces of gold in Q2.

First Majestic Silver Corp. ([TSX:FR](#))([NYSE:AG](#)) stock dropped 3.39% on September 13. The stock

has fallen 16.5% in 2017 and 46.6% year over year. Second-quarter results, released on August 3, were weak across the board. Silver production fell 9%, revenues were down 13%, and the company reported a small profit of \$1.4 million. However, CEO Keith Neumeyer pointed out in the conference call that the poor results were largely due to a labour dispute that has now been resolved. Still, investments in the new roaster system at the La Encantada mine will not see benefits for 12-24 months. This is an undervalued stock, but investors who buy should be looking long.

CATEGORY

1. Investing
2. Metals and Mining Stocks

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2. NYSE:AGI (Alamos Gold Inc.)
3. NYSE:KGC (Kinross Gold Corporation)
4. TSX:AGI (Alamos Gold Inc.)
5. TSX:FR (First Majestic Silver)
6. TSX:K (Kinross Gold Corporation)
7. TSX:SVM (Silvercorp Metals Inc.)

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