



## 3 Silver Miners Ready to Soar in 2018

### Description

Gold continues to [gain ground](#) due to a combination of geopolitical concerns and jitters over a looming market correction as stocks hit new highs again and again. Despite the strong performance of the yellow metal, its poorer cousin, silver, has languished. While over the last year, gold has gained 11%, silver has remained flat, rising by less than 1% in value.

Nevertheless, there are signs that silver is [poised to rally](#) and close the gap with gold.

You see unlike gold, silver is used in a wide range of industrial applications, which means that if the upswing in the global economy continues to gain momentum, demand for its use in manufacturing will rise. Among the best ways to cash in on the increasingly positive outlook for silver is with these three miners.

### Now what?

**Sierra Metals Inc.** ([TSX:SMT](#)) owns and operates the Yauricocha Mine in Peru as well as the Bolivar and Cusi mines in Mexico.

The miner has a long history of growing production with silver's equivalent output for the third quarter 2017, rising by 29% year over year. Despite all-in sustaining costs rising by 44% to be US\$2.28 per ounce, which can be attributed to increased capital expenditures on drilling, Sierra's EBITDA popped by a healthy 16% compared to a year earlier. Positive third-quarter 2017 drilling results as well as increased spending on improving mine infrastructure bodes well for production growth, which, when combined with higher silver prices, will give its bottom line a healthy boost.

**Silvercorp Metals Inc.** ([TSX:SVM](#))(NYSE:SVM) is the largest publicly listed primary silver miner in China and has 113 million ounces of silver reserves.

It also has a long history of progressively growing production. For 2017, Silvercorp's silver output grew by 30% year over year, whereas lead and zinc shot up by 27%. Despite the prolonged weakness of silver, the miner remained free cash flow positive, allowing it to preserve the strength of its balance sheet.

A pleasing aspect of Silvercorp is its high margins. For the third quarter, it reported a gross profit margin of 54% which can be attributed to a 28% year-over-year decrease in all-in sustaining costs for the quarter. These margins make Silvercorp the most profitable primary silver miner among its peers. For these reasons, it is a highly attractive play on firmer silver prices and the improving outlook for the white metal.

**Fortuna Silver Mines Inc.** ([TSX:FVI](#))([NYSE:FSM](#)) owns the San Jose underground gold and silver mine in Mexico as well as the underground Caylloma silver mine in Peru. It is also developing the 100% owned open pit Lindero gold project in Argentina. In total, Fortuna has reserves of over 160 million silver ounces and is focused on growing production.

For 2017, silver production shot up by an impressive 15% year over year, while gold output surged by 21%. Fortuna's production will receive a solid bump when the Lindero mine goes online in the second quarter of 2019.

Impressively, the miner's focus on reducing costs is progressing at a steady pace with all-in sustaining costs falling by 20% compared to the same quarter in 2016.

### So what?

All three miners are an attractive means to gain levered exposure to silver and cash in on higher silver prices. They all have growing production, solid balance sheets, and relatively low costs, which means earnings will grow at a rapid clip as silver rallies. That will see these miners unlock value for investors, causing their stock to rise.

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2. Metals and Mining Stocks

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1. Editor's Choice

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