



3 Top Stocks for Precious Metals Exposure

Description

Rising interest rates in the United States are going to keep the U.S. dollar strong, which in turn is going to keep precious metal prices low. So, investors should use gold and silver exposure as a potential hedge against a market downturn, during which there may be a flight to precious metals as a safe haven.

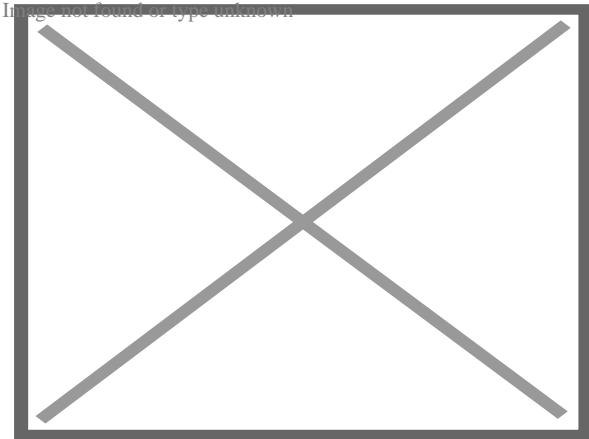
Here are three top stocks to consider for gold and silver exposure.

Roxgold Inc. (TSX:ROXG) is a small-cap gold producer that operates in West Africa. Its flagship asset is the high-grade Yaramoko gold mine, which is located in the mining-friendly jurisdiction in the Province of Balé in southwestern Burkina Faso.

The Yaramoko mine consists of two gold deposits: the 55 Zone, an underground mine that's currently in production, and Bagassi South, which is currently in development and is expected to be in commercial operation in late Q4.

Roxgold's second-quarter results were decent; it produced 35,828 ounces of gold for the quarter and estimates production levels of 120,000-130,000 ounces for the year.

Roxgold's return on equity (ROE) turned positive in 2017 to 15.5%. Its return on assets (ROA) has also improved significantly. The company's trailing 12-month ROE and ROA are about 22% and 12.4%, respectively.



Wheaton Precious Metals Corp. ([TSX:WPM](#))([NYSE:WPM](#)) is a silver and gold streaming company that doesn't operate any mines. Thus, the costs of running its business are relatively low and predictable compared to those of [precious metals miners](#).

Wheaton Precious Metals agrees to buy all or a portion of silver or gold production from quality mines from stable regions around the world. The company pays an upfront fee and an additional payment when the precious metals are delivered. This is a relatively safe business in which to [gain exposure to gold and silver](#). Higher precious metal prices and new streams going online will benefit the company and should push the stock higher.

Goldcorp Inc. (TSX:G)(NYSE:GG) stock is a large-cap gold producer that's trading at multi-year lows. It has been investing in the improvement of its operations, which should reduce cost and boost its cash flow generation. So far, it has achieved US\$250 million of annual savings and expects another US\$100 million of annual savings by the end of 2019.

Additionally, Goldcorp is awarded an investment-grade S&P credit rating of BBB+, which is a stronger rating than that of its direct competitors.

Investor takeaway

Out of the three, Wheaton Precious Metals is the safest investment for gold and silver exposure.

Roxgold is high risk because of its small size and one-mine operation. However, management has shown excellent execution capabilities with strong recent results of profitability signified by double-digit ROE and ROA.

Goldcorp is a stable large-cap gold producer to consider for conservative investors.

CATEGORY

1. Investing
2. Metals and Mining Stocks

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

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