

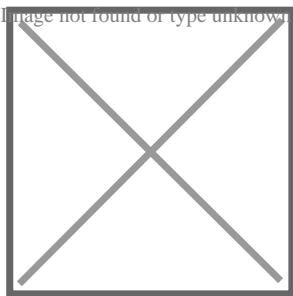
A Huge Gift From the Market in These Silver Stocks

Description

The movement of precious metal prices has little correlation to the stock market. That's why even though the Canadian stock market, represented by **S&P/TSX Composite Index**, or TSX index for short, is trading at near its all-time high, the gold and silver ETFs have fallen about 9% and 13% year to date.

Since precious metal prices move differently from the TSX index, investors can consider [precious metal stocks](#) as a hedge for their portfolios.

Silver prices tend to be more volatile than gold prices, and that's where the investment opportunity lies. In other words, when precious metal prices recover to higher grounds from the recent dip, the price of silver will have a bigger movement — percentage-wise — over the price of gold, and so will silver-focused stocks versus gold-focused stocks.



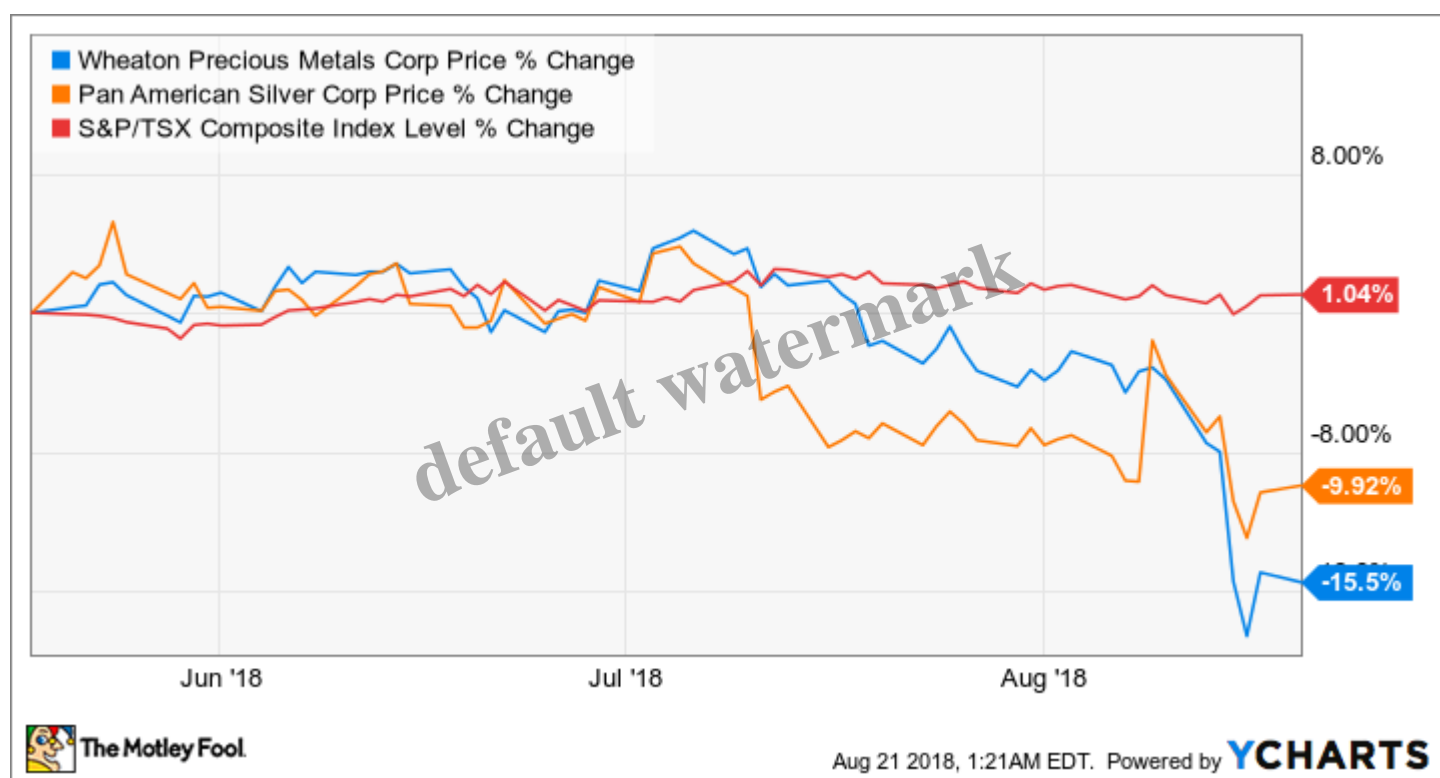
Here are a couple of silver stock ideas that have become more attractive due to the recent dip in silver prices.

Pan American Silver ([TSX:PAAS](#))(NASDAQ:PAAS) is a mid-cap miner that primarily produces silver but also sells by-products including gold, zinc, lead, and copper.

In the first half of 2018, Pan American Silver produced about 12.4 million ounces of silver, 99.6 thousand ounces of gold, 29.6 thousand tonnes of zinc, 10.4 thousand tonnes of lead, and 4.9 thousand tonnes of copper.

The company is on track to produce 25-26.5 million of silver this year. Management also estimates Pan American Silver will produce the same levels of gold, lead, and zinc as last year.

Pan American Silver's operations are diversified across six silver mines in North and South America. It also has six development projects in these regions. So, Pan American Silver has the best long-term growth profile among its peers. What's more to like is that it also commands an above-average recent net margin of about 17.9%.



WPM data by YCharts – PAAS and WPM have little correlation to the TSX index

Wheaton Precious Metals ([TSX:WPM](#))([NYSE:WPM](#)) is one of the best silver stocks to own. The recent roughly 19% dip from its high is an excellent opportunity to begin buying.

Wheaton Precious Metals is a precious metal streaming company. In other words, it doesn't run any mines, but instead pays an upfront cost to its mining partners around the world for future streams in their by-product silver or gold typically from the partners' lead, zinc, or copper mines.

The result for investors is a rare opportunity to invest in low-risk Wheaton Precious Metals, which has leverage to increases in silver or gold prices as well as growth via new stream agreements.

Just in July, Wheaton Precious Metals closed the gold and palladium streaming agreement with **Sibanye-Stillwater**, one of the world's top gold producers. Altogether, Wheaton Precious Metals currently has streaming agreements with 20 operating mines.

With Wheaton Precious Metals's low-risk business model, it's no wonder its recent net margin of 36.5% beats the rest in the precious metals sector.

Investor takeaway

If you believe that silver prices will eventually turn around, now, on the dip, is a fantastic opportunity to invest in Pan American Silver or Wheaton Precious Metals. Both stocks have little correlation to the TSX index. Therefore, they are [a great way to hedge your portfolio](#).

CATEGORY

1. Dividend Stocks
2. Investing
3. Metals and Mining Stocks

TICKERS GLOBAL

1. NYSE:PAAS (Pan American Silver)
2. NYSE:WPM (Wheaton Precious Metals Corp.)
3. TSX:PAAS (Pan American Silver Corp.)
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kayng

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