



Why You Need to Buy This Streamer Right Now Before the Gold Market Rises

Description

Gold stocks have, for the most part, underperformed the market this year. At the time of writing, gold prices are trading at near US\$1,200 per ounce, and silver trades at a just over US\$14 per ounce. While this is far from the drop in prices we saw in the years following the 2011 drop, the recent pullback in prices has set the stage for a possible rally.

Could gold prices rise?

Gold prices are dependent on a number of differing factors. Gold has been viewed as a secure store of wealth for thousands of years, and that trend is not changing anytime soon. As uncertainty in the market gives way to fear, some investors turn to gold as a more stable means of storing wealth. So, what are the factors causing instability in the market at the moment that could potentially impact gold prices?

Let's start with interest rates. The U.S. Fed has already hinted at rising rates at least three times in 2019, and we could see a hike as early as next week. When interest rates rise, borrowing becomes more expensive, which could slow growth and can even push some companies to slash their dividends. The ongoing drama around NAFTA's on-and-off-again negotiation is also an issue on the minds of investors that could, in the absence of a "good deal," see investments drop and more tariffs imposed, pushing investors back to the perceived safety of gold.

Beyond the market and NAFTA, other factors that could influence gold prices include the ongoing and still unresolved Brexit negotiations, the growing China-U.S. trade war, the impending mid-term elections in the U.S., North Korea's cooperation (or defiance) on denuclearization, the continued weakness in Bitcoin, and the growing weakness of the greenback when compared to a basket of currencies, including the loonie. In short, any major political or fiscal issue occurring around the world could send aftershocks to the gold market.

This streamer offers something different

Precious metal streamers such as **Wheaton Precious Metals** ([TSX:WPM](#))([NYSE:WPM](#)) offer investors an ideal way to invest in the precious metals market with considerably less risk over

traditional miners.

As a streamer, Wheaton provides an upfront capital investment for traditional miners to set up the required infrastructure around the mine and begin operations. In exchange for that initial investment, streamers are allocated a portion of the precious metal extracted from the mine that can be purchased at a greatly discounted rate. Wheaton can then sell those precious metals to the open market at their full rates.

That discounted rate can be significant too — as low as US\$400 per ounce for gold and US\$4.50 per ounce for silver.

Another key point that is often overlooked is that because Wheaton only provides upfront capital, the company can move on to other investment opportunities, even with other miners, once the first mine is operational. This greatly diversifies Wheaton's portfolio of investments, which currently comprises of over two-dozen active and in-development mines on several continents.

Wheaton's large portfolio of mines has allowed it to stream a growing number of different precious metals. Over the course of the past year, Wheaton has added streams for both palladium and cobalt to its portfolio, while reducing its reliance on silver and increasing exposure to gold mines.

One final point to consider is Wheaton's dividend, which currently offers a very compelling yield of 2.26%, which is significantly more generous than any of Wheaton's peers in the precious metals sector, given that Wheaton's recent quarterly performance is only going to increase over time.

Final thoughts: why you should buy Wheaton

Wheaton is a great option for investors looking to add or increase their precious metals holdings with a [growth-focused investment](#) that can also provide some income-earning potential. Wheaton has an incredibly diversified portfolio of investments, a growing number of streaming agreements that includes different types of metals beyond the typical gold and silver mines, and offers one of the [best-paying dividends](#) in the precious metals sector.

CATEGORY

1. Investing
2. Metals and Mining Stocks

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