



## Silver or Gold? Which Is the Best Mineral Stock for Your TFSA?

### Description

The great Burl Ives once sang, “Silver and gold, silver and gold, everyone wishes for silver and gold.”

Ives was singing as a snow man to Rudolph the Red-Nosed Reindeer at the time, but he might as well have been crooning to the stock market.

Minerals are a staple that almost every investor considers adding to their portfolio. Like oil and gas, gold, silver and copper will continue to be bought and sold for generations to come.

But in the last year there have been two problems:

- The United States and China trade war
- A volatile market

The former has sent silver and gold stocks plunging, as China is the biggest metal consumer. The latter has proven that when the markets are down, people just aren’t as willing to invest in metal companies. That leaves investors with an opportunity to buy cheap, but which company will be worth the investment? Today I’ll compare **Wheaton Precious Metals** ([TSX:WPM](#))([NYSE:WPM](#)) and **Imperial Metals** ([TSX:III](#)) to see where you should be putting your hard-earned cash this holiday season.

### Will Wheaton continue to shine?

Wheaton is a heavy hitter in the precious metals industry. It is the world’s largest [pure streaming company](#), giving mines cash upfront to get started and getting back a percentage of the mine’s metals at a well-below discount. In 2017, for example, Wheaton paid an average of \$6.03 per ounce of silver and sold it for \$22.83, and paid \$530 for gold while selling it for \$1,687!

The company doesn’t show any signs of slowing down on this business model. It currently works with 19 mines — some of the biggest miners in the world — and has plans in the works for nine more. By 2022, Wheaton estimates it’ll produce about 385 thousand ounces of gold and 25 million ounces of

silver per year.

But share prices have been down as of late. This is partly due to a lawsuit with the Canada Revenue Agency (CRA). The CRA argued Wheaton's subsidiary, Wheaton International, was subject to tax in Canada. However, the dispute recently settled in court, which sent stocks up 14.2%. Now the company can focus on finding more streaming deals with other mines and hopefully bring attention back to expansion for shareholders.

While the stock is still down about 11% from the highs of summer at the time of writing this article, the stock is still up about 30% from its 52-week low and on target to reach its fair-value estimate of about \$28 per share.

## The empire has fallen

The [once-great Imperial Metals](#) has seen barely any profits in the past five years. They've been hit hard by the falling price of copper, with prices falling 15% this year for copper and 63% for the company. In the latest Q3 report, revenues were down to \$70.5 million from \$90.2 million the same time last year, with debt at \$728.4 million. The last few quarters have been brutal, with shares falling from \$2.16 to as low as \$0.99. This is quite the blow from the all-time high they once had back in 2014 of \$17.85.

Yet in the past few months, insiders have invested more than 1.83 million shares. Why? That comes from news that Imperial has hired **Bank of Montreal** to start the formal process of selling the business, either completely or partially. That could give Imperial much-needed cash of up to \$1 billion and a boost in share prices to boot.

## Bottom line

It's really a no brainer in this scenario. While both stocks are undervalued, Imperial is just too risky at this point to invest in unless you know the company and the market. Wheaton, however, has strong finances and is expanding its streaming business regularly. If you want your investments to sing as sweetly as Burl Ives in 2019, the pick just has to be Wheaton Precious Metals, in my opinion.

### CATEGORY

1. Investing
2. Metals and Mining Stocks

### TICKERS GLOBAL

1. NYSE:WPM (Wheaton Precious Metals Corp.)
2. TSX:III (Imperial Metals Corporation)
3. TSX:WPM (Wheaton Precious Metals Corp.)

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**Date**

2025/07/02

**Date Created**

2018/12/19

**Author**

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