3 Silver Stocks to Stash in Your Portfolio

Description

In early September 2018 I'd discussed <u>positive signs</u> for gold and silver. Market turbulence the likes of which investors had not seen since the financial crisis soon followed, and gold and silver stocks were big beneficiaries. A dovish turn from the United States Federal Reserve built even <u>more momentum for PMs</u> in late December.

U.S. and Canadian indexes have bounced back nicely in January and early February, but PMs have held strong. Today we'll focus on silver equities that should benefit from the upward trend for PMs this year. The London Bullion Market Association recently forecast that silver prices would track gold and post modest gains this year.

Here are three silver mining equities that should see gains if silver prices continue this positive trend.

Silvercorp Metals (TSX:SVM)(NYSE:SVM)

Silvercorp stock fell 6.7% on February 6. Shares were up 1.4% in 2019 as of that most recent close. The company is set to release its third-quarter results on February 14.

The company saw declines in the spot prices for silver and gold hurt its earnings in the second quarter. Net income fell to \$8 million compared to \$11.1 million in the prior year, but cash flow from operations did rise 1% to \$21 million.

Silvercorp Metals stock was at an RSI of 49 as of close on February 6. The stock is in neutral ground in early February, but could be a sneaky pick up ahead of its Q3 earnings release. Higher prices in late 2018 will massage what have been low selling prices for the first half of the fiscal year.

Fortuna Silver Mines (TSX:FVI)(NYSE:FSM)

Fortuna Silver Mines is a Vancouver-based PM producer. Shares were up 3.8% in 2019 as of close on February 6. However, the stock was still down 8% year over year.

Silver production rose to 2.2 million ounces in the third quarter of 2018 compared to two million in the prior year. The decline in sales was driven in part my lower metals prices. For the full-year in 2018 silver and gold production were up 7% and 12%, respectively, at its two underground mines in Mexico and Peru.

Investors who buy Fortuna right now will be paying a near-premium for the stock. Shares sat at an RSI of 61 as of close on February 6, which indicates that the stock is just outside of overbought territory.

Pan American Silver (TSX:PAAS)(NYSE:PAAS)

Pan American Silver was down 1.7% in 2019 as of close on February 6. The company is set to complete its acquisition of **Tahoe Resources** in late February, illustrating the rapid consolidation of

many top gold and silver producers. This will allow Pan American to acquire the lucrative Escobal mine, and they will obtain a pipeline of solid gold production.

Pan American Silver is set to release its fourth-quarter and full-year results on February 21. This means late February will be big for the company. The stock has failed to gain momentum even amidst the run for PM prices of late. Shares had an RSI of 56 as of close on February 6, which puts the stock far away from a bargain for potential buyers. Still, the Tahoe Resources acquisition is promising and a nice price. Pan American is my top pick among the three we've covered today.

CATEGORY

- 1. Investing
- 2. Metals and Mining Stocks

TICKERS GLOBAL

- 1. NYSE:FSM (Fortuna Silver Mines)
- 2. NYSE:PAAS (Pan American Silver)
- 3. TSX:FVI (Fortuna Silver Mines)
- 4. TSX:PAAS (Pan American Silver Corp.)
- 5. TSX:SVM (Silvercorp Metals Inc.)

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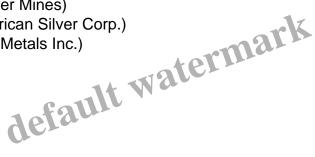
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