



3 Silver Stocks Under \$30

Description

While gold stocks get most of the attention, there's plenty of value in silver. In fact, silver has several advantages versus other metals.

For example, silver has more industrial uses. Because it has closer ties with economic activity, investors don't have to rely as much on speculative fever.

Differences between individual silver stocks can also give you wide-ranging diversification benefits. Here are three silver stocks with unique value-adds for any portfolio.

MAG Silver ([TSX:MAG](#))([NYSE:MAG](#))

With a \$1.1 billion market cap, MAG Silver is one of the most straightforward silver plays today.

Its primary project, of which it has a 44% interest, is located in Mexico's Fresnillo Silver Trend. This region contains more than six billion ounces of silver and has historically produced around 10% of global silver production.

MAG Silver will live or die by the success of its interests there. With \$130 million in cash and no debt, most of the financial risk has been mitigated. Today, it's all about production.

First production is slated to begin in the second half of 2020. There are only 2.9 million options outstanding compared to 85.5 million outstanding shares, so if the mine is a success, current shareholders will win big considering there's little risk of dilution.

If you want to bet on silver, MAG Silver is a clean way to do so.

First Majestic Silver ([TSX:FR](#))([NYSE:AG](#))

Another company focused on Mexico, First Majestic's tagline is "one metal, one country." The difference, however, is that First Majestic is already producing silver.

In 2019, the company expects to produce 14.2 to 15.8 million ounces of silver with all-in costs of \$12.55 to \$14.23 per ounce. With seven mines throughout northern and southern Mexico, First Majestic has scaled its operations quickly without costs getting out of hand.

Given First Majestic already produces a large amount of silver, it's largely a bet on pricing. If silver prices rise, so will Majestic. If metal prices fall, the stock price will fall.

Fortunately, there's reason to be bullish on pricing.

Over past decade, the silver industry has accrued a 500-million-ounce physical deficit. Traditionally, 80% of silver is sourced from mining, with the rest produced from recycling. However, scrap recycling recently hit a 25-year low.

Looking ahead, renewable energy sources rely heavily on silver given it's a terrific conductor of electricity.

While MAG Silver is a fairly clean bet on silver prices, First Majestic gives you de-risked exposure to the supply and demand imbalance.

Wheaton Precious Metals ([TSX:WPM](#))([NYSE:WPM](#))

Wheaton doesn't actually run any mines, and it's not focused on silver, but there's still reason to pay attention.

When mining companies need financing, it can be risky to take out traditional loans. Instead, they often turn to metal-streaming companies like Wheaton, which provide financing in exchange for future production at a deeply discounted price. If the mine is a success, both companies win big.

As of last quarter, roughly 40% of Wheaton's financing deals were with silver mines.

Fool contributor Kay Ng recently named it a [favourite](#) for its unique business model.

"Because Wheaton Precious Metals is a precious metal streaming company that doesn't run any mines, it consistently enjoys incredibly high net margins," Kay wrote. "This makes it stand out as a top-quality name in the mining industry. Wheaton Precious Metals's recent net margin was nearly 54% compared to the industry average of about 7%."

With Wheaton stock, you won't be betting solely on silver, but you skip out on many of the associated risks as well.

CATEGORY

1. Investing
2. Metals and Mining Stocks

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1. Editor's Choice

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2. NYSE:WPM (Wheaton Precious Metals Corp.)
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Author

rvanzo

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