



Don't Sleep on Silver Stocks in September!

Description

Investors who [stashed gold in their portfolios](#) to start 2019 have been rewarded handsomely so far. The yellow metal has climbed to heights it had not recorded since the beginning of the decade. This has occurred in the face of easing monetary policy, which has been pursued due to worsening conditions in the global economy.

When yield curve inversions began sprouting up in early spring, I'd suggested that investors [take the opportunity](#) to pile into gold stocks if they had not already. However, gold is not the only precious metal that can safeguard your portfolio in this volatile environment. Silver is finally generating nice momentum as we head into September.

The spot price of silver rose above \$18 this week, which does not come close to its highs in the beginning of this decade. In this bullish environment silver still looks undervalued, and investors that missed the boat on gold should consider this alternative as we look ahead to September.

Silvercorp Metals ([TSX:SVM](#))(NYSE:SVM) is a Vancouver-based silver miner that is focused on production in China. Shares have soared over 100% over the past three months as of close on August 27. The stock has climbed 107% in 2019 so far.

The stock has consistently offered great value relative to its peers. It released its fiscal 2020 first-quarter results on August 8. Silver produced and sold rose 27% year over year to 1.9 million ounces, and revenue increased 1% to \$45.6 million. Net income climbed to \$12.6 million, or \$0.07 per share, compared to \$10.9 million, or \$0.06 per share, in the prior year. Silvercorp ended the quarter in a solid cash position as cash and cash equivalents and short-term investments rose 5% from the prior year to \$121 million.

Shares of Silvercorp possess a price-to-earnings ratio of 23 and a favourable price-to-book of 2.1. Like other silver equities, the stock may be a little overheated in late August, but investors should watch for an entry point as the spot price continues its surge.

Pan American Silver ([TSX:PAAS](#))(NASDAQ:PAAS) stock has climbed 79% over the past three months. Shares are up 26% in 2019 so far. It released its second-quarter 2019 results on August 7.

Averaged realized prices for silver were down year-over-year but Pan American still reported revenue of \$282 million compared to \$216 million in Q2 2018. However, adjusted earnings fell to \$9 million, or \$0.04 per share, compared to \$35 million, or \$0.23 per share, in the prior year. The company has managed to drive down costs nicely into the back half of 2019, and positive price action for silver means that investors should expect a much more positive picture in Q3 and potentially Q4.

Pan American has a hefty P/E ratio, more in line with its peers. Still, the company boasts a hefty production rate, and the stock is tracking with the sharp incline in spot prices.

CATEGORY

1. Investing
2. Metals and Mining Stocks

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3. TSX:SVM (Silvercorp Metals Inc.)

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Date

2025/08/14

Date Created

2019/08/28

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