



Is the Silver Market Ready for a Huge Breakout?

Description

Gold has had a bit of a pullback the last month, which has investors wondering if this is the top or just a pause and a great buying opportunity before it continues its ascent.

Another topic on investors' minds is the status of silver. Silver tends to follow the same trends as [gold](#), however, with more volatility, so if this is just a pause in a longer-term bull run, then how will silver fare over the long run?

The gold and therefore silver rally doesn't look to be over, although it may have a prolonged pause due to a decent earnings season and the potential for a U.S-China trade deal, eventually the precious metals will continue their ascent.

With the levels of debt globally at all-time highs, it's only a matter of time before the price of gold and silver get bid up by investors who are concerned about inflation and looking for a hard asset with intrinsic value to store their wealth in.

As this appears to be just a temporary opportunity, let's look at two silver stocks to consider buying before the inevitable rally continues.

The first company to consider is **First Majestic Silver Corp** ([TSX:FR](#))([NYSE:AG](#)), a mining company with operations solely in Mexico, the world's largest silver producing country.

Within Mexico it currently has six silver producing mines, in addition to its three advanced stage development projects and one exploration project.

Its goal is to become the world's largest primary silver miner, currently it derives about 60% of its revenue from silver and 33% from gold with the remaining made up of other miscellaneous base metals.

Its production growth is extremely impressive. Just 10 years ago in 2009, the company produced roughly five million silver equivalent ounces. In 2019 it's expecting to do roughly five times as much with expectations of approximately 25 million silver equivalent ounces.

It expects to have all-in sales cost this year of between \$13 and \$14, which is extremely attractive and leaves huge margins for increased profitability.

It's been the top silver performer for the past decade and with a number of upcoming [catalysts](#), it continues to offer exciting opportunities.

The second stock to consider is **Endeavour Silver Corp** ([TSX:EDR](#)). Endeavour is significantly smaller than First Majestic, with a market cap of roughly \$440 million versus First Majestic's near \$3 billion market cap.

Similar to First Majestic, Endeavour also operates only in Mexico. It has four silver producing mines, one development project and six exploration projects.

Roughly 55% of its revenue comes from silver and the other 45% comes from the sale of gold.

It has an extremely strong balance sheet with nearly \$50 million in working capital and no debt as of September 30.

The financial strength gives it plenty of flexibility, and with its development and exploration projects, the company will have plenty of runway for growth for the foreseeable future.

In the first nine months of 2019, it already produced more than 3 million ounces of silver and more than five million ounces of total silver equivalent.

Its experienced management team have been running it well and it now stands as one of the top mid-tier precious metals producer in the world.

Both companies offer incredible growth potential, especially as the market for silver experiences large gains.

On top of the natural rally in precious metals that is bound to materialize, as debt and inflation fears creep back into the market, the demand for silver will also continue to increase as its industrial demand continues to grow, which will serve as a huge catalyst for years to come.

Positioning your portfolio now is the best way to take advantage.

CATEGORY

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2. Metals and Mining Stocks

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2. TSX:EDR (Endeavour Silver Corp.)

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Author

danieldacosta

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