



## Double Your Money: This 1 Stock Has the Best Chance to Gain 100% or More in 2020

### Description

Going into 2020, financial markets have been on a strong run, and in both Canada and the U.S., markets are at or near all-time highs. While 2019 was a great year for the markets, the question of what will happen in 2020 looms large.

Many investors believe that a recession— or at least a fairly sized correction in financial markets to bring valuations back down slightly — is imminent. Which stocks are likely to perform the best in these uncertain conditions?

As many investors may already know, it's likely that [gold](#) will be a top asset in the coming year, as more investors seek the safety of the asset and hedge their portfolio's against potential monetary stimulus down the line.

In 2019, the price of gold increased by roughly 17% — a significant move for the precious metal — and 2020 could see more of the same.

Silver, which tends to follow the price of gold and is more volatile, was up only 14% in 2019 — still significant but clearly underperforming gold.

In addition, the [silver](#) market has been in a major deficit the last five years, and with industrial demand for silver continuously growing, the fundamentals are pointing to the likelihood of a major rally coming soon.

This leaves a big opportunities for investors who want to gain good exposure to silver, and one of the top companies to invest in in the silver mining space is **First Majestic Silver** ([TSX:FR](#))([NYSE:AG](#)).

First Majestic is one of the leading silver miners in the world. It operates exclusively in Mexico through its four producing mines and has the largest portion of its revenues derived from silver out of all its peers.

The company is well positioned to take advantage of a run up in silver's price and has a good

possibility of doubling its share price in 2020 as a result.

The stock has grown at exceptional rates before, jumping 475% from August 2010 to April 2011, when the price of silver increased from \$18 an ounce up to \$46 an ounce — an 155% increase.

Now, as the price of silver is on the verge of another breakout, this opportunity exists again.

In the third quarter of 2019, First Majestic had an 8.8% net margin compared to the same quarter last year, where its net margin was just 6.6%. Its revenue increased by 9.5%, while its net income increased by 45%, showing the scale that First Majestic has and the profits it's capable of realizing as the price for silver grows.

In total, the price of silver is up between 15% and 20% in the third quarter of 2019. This means that due to First Majestic's strong operations and leverage to the price of silver, another 25% jump in the underlying metal would increase its net income by roughly 75%, with all else being equal.

Plus, First Majestic could improve that by even more if it executes its plans to increase silver as a percentage of its total revenue from roughly 58% in 2019 to approximately 67% in 2020.

Looking at the silver market as a whole and its underlying fundamentals, and looking at First Majestic's top-notch operations and position in the industry, it's clear the stock is trading well undervalued and offers investors a major opportunity to double their money or more in 2020.

Allocating a small amount of your portfolio to silver exposure would be prudent going into the new year to offer your portfolio some protection while also exposing you to a major upside opportunity.

## **CATEGORY**

1. Investing
2. Metals and Mining Stocks

## **TICKERS GLOBAL**

1. NYSE:AG (First Majestic Silver)
2. TSX:FR (First Majestic Silver)

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