



Buy This Stock to Profit From the Silver Rally

Description

Having a portion of your portfolio in precious metals is a good idea. It's a good portfolio diversifier and a hedge against inflation. Gold hit a nine-year high on Thursday morning. But [gold isn't the only hot metal](#) this year. Silver has rallied close to 40% year to date.

Monetary stimulus and a weak U.S. dollar will keep driving the price of silver. Its use as an industrial metal also contributes to the gains, with investors betting on a recovery in the second half of the year. [Bill Baruch, president of Blue Line Capital, foresees a more than 30% rally](#) from current levels.

This silver miner profits from the silver rally

The rise in silver prices is beneficial for **Silvercorp Metals** ([TSX:SVM](#))(NYSE:SVM), a top Canadian mining company that has a strong balance sheet.

Silvercorp acquires, explores, develops, and operates precious and base metal mineral properties in its producing mines and its exploration and development projects in China. It has a mining and an administrative segment. Its projects include Ying Mine, HPG Mine, TLP Mine, LM Mine in the Ying Mining District, and BYP Gold-Lead-Zinc Mine, among others.

Silvercorp reported strong first-quarter figures and is on track to meet its fiscal 2021 production targets. The China-focused underground mine operator produced approximately 1.8 million ounces of silver, 20.1 million pounds of lead, and 7.5 million pounds of zinc in the three months ending June 30.

Silver production decreased by 10% compared to the same period last year, while zinc production increased by 4%, and lead production increased by 1%. The figures come from the Ying miner's flagship project in the Ying mining district as well as its GC mine in China's Guangdong province.

Ore milled at Ying was 174,176 tonnes, a slight decrease from 176,584 tonnes seen in the first quarter of fiscal 2020, while ore crushed was 177,689 tonnes, with average head grades of 293 grams per tonne (g/t) silver, 4.6% for lead, and 0.8% for zinc.

Meanwhile, the top silver miner revealed that ore mined at the GC mine was 80,379 tonnes, also a slight decrease from 80,808 tonnes in the first quarter of fiscal 2020. Crushed ore was 84,637 tonnes with head grades of 93 g/t for silver, 1.9% for lead, and 3.4% for zinc.

The group confirmed in the first-quarter release that it is on track to produce between 6.2 and 6.5 million ounces of silver, 66.1 and 68.5 million pounds of lead, and 24.5 and 26.7 million pounds of zinc in fiscal 2021, as it previously announced in February.

Silvercorp's revenue is expected to increase by 10% to \$175 million for the current fiscal year, while earnings per share are expected to decline by 5% to \$0.19.

The stock is undervalued

Silvercorp shares are up 40% year to date and 140% over one year. The stock is still very cheap relative to its future expected growth, as its five-year PEG is only 0.11. Earnings are estimated to grow at a huge rate of 340% per year on average over the next five years.

It's a good time to buy this top Canadian silver miner, as it will profit from the rally in silver prices. A silver stock like this could protect your portfolio against a market crash, so it's a good idea to add some shares before a downturn.

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