



Gold and Silver: 2 Top TSX Precious Metal Stocks to Watch Amid the Rally

Description

The traditional safe haven gold is up almost 30%, while the silver is up more than 50% so far this year. As global economic growth is expected to remain subdued, precious metals could continue to trade strong for the next few quarters. However, silver might underperform the yellow metal, as the industrial metal does a positive correlation with economic cycles.

How to play the gold rally

The \$10 billion Canadian gold miner **B2Gold** ([TSX:BTO](#))(NYSE:BTG) is one of my favourite stocks to play the gold rally. The stock has almost doubled so far this year and still looks relatively [undervalued](#).

B2Gold stock witnessed a rapid recovery recently amid the rising civil unrest in Mali, where it operates one of its biggest mines. On September 15, the miner [clarified](#) that the company's growth plans are not affected by the recent political turmoil, according to *BNN Bloomberg*.

B2Gold announced boosting its production from the top Fekola Mine in the West African resource-rich nation. Along with higher output, Canadian miner is also looking for merger and acquisition opportunities to boost its production.

Political risk is one of the major threats for miners, particularly operating in the relatively unstable African region. B2Gold keeping its growth plans intact, despite the ongoing political disorder, is indeed noteworthy.

B2Gold's profits are expected to double in 2020 compared to the last year. This might even beat expectations, given the steep gold rally this year. Higher realized gold prices notably boosted gold miners' top line and profit margins lately.

B2Gold stock has soared almost 800% in the last five years. On September 10, it doubled dividends to \$0.16 per share, indicating an annualized yield of 1.6%.

Is silver a better bet?

Pan American Silver ([TSX:PAAS](#))(NASDAQ:PAAS) is a \$10 billion company that engages in the production of silver, gold, and zinc. It is the second-biggest silver producer and has the biggest silver reserves globally.

It is one of the top-rallying silver miner stocks in Canada and has soared more than 50% so far this year. The stock seems to have slowed down a bit after lower production in Q2, driven by the pandemic and weaker silver prices recently. However, Pan American Silver stock is sitting at handsome gains year to date. Once the production normalizes after the pandemic, higher silver prices could notably benefit Pan American.

However, the stock could have limited upside, considering its inflated valuation. Pan American stock is running well ahead of its earnings for the last few months. Also, the stock might see an exaggerated impact of the potential precious metal weakness.

Interestingly, investors are paying heavy premiums for mining company stocks these days, largely due to a bullish outlook for gold and silver. However, in the case of Pan American, uncertainties regarding its production in the short to intermediate term might weigh on the stock.

Even if silver has outperformed gold in the last few months, it looks safer to remain with the yellow metal. The latter will likely stay stronger in case of the potential economic downturn.

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2. NYSEMKT:BTG (B2Gold Corp.)
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