



Why You Should Buy Silver Stocks Today

Description

The **GameStop** mania in late January attracted a flurry of retail investors to the stock market. Even top **TSX** stocks like **BlackBerry** were thrust into the fray. However, those who bought into the surge were punished last week. Shares of these “meme stocks” were pummelled and many “diamond hands” were thrown to the muck. Silver stocks picked up on the momentum to start February. Is there any reason to dip into gold’s little brother in February? Let’s dive in.

Why silver stocks surged to start February

The spot price of silver broke above \$30 per ounce on February 1. [Reddit users](#) turned their attention to physical silver a week removed from the GameStop short squeeze receiving mainstream attention. At the time, I’d warned investors against jumping into yet another social media-fuelled frenzy. Many retail investors had already been punished in the final week of January. Those losses worsened in early February.

Silvercorp Metals ([TSX:SVM](#))(NYSE:SVM) is one of the largest silver producers in Canada. It owns and operates mines in China. Shares of Silvercorp have dropped 9% month over month at the time of this writing. However, this silver stock is still up 18% year over year. While Silvercorp may have benefited from the sudden bump early last week, it has quickly come down to earth.

The company released its third quarter 2020 results on February 4. Ore mined was up 4% from the prior quarter but down 2% from Q3 2019. It sold 16% more silver from the prior year and gold sold rose 7%. Revenue rose 20% to \$53.3 million. Moreover, the company possesses an immaculate balance sheet. Silvercorp stock last had a price-to-earnings ratio of 26, putting it in average value territory.

Here’s why silver is still undervalued

Like BlackBerry, the social media-fuelled mania put a damper on a promising asset. Gold soared in 2020, but silver was unable to pick up similar momentum. However, it is positioned to benefit from the same bullish conditions. Historically low interest rates and loose monetary policy have generated

considerable momentum for alternative assets. Silver still has [room to run](#) in this market.

Sierra Metals ([TSX:SMT](#))(NYSE:SMTS) is a mid-tier company that is engaged in production, exploration, and development of precious and base metals in Peru and Mexico. Its shares have climbed over 50% year-over-year as of early afternoon trading on February 8. The silver stock is up over 90% from the prior year.

This company released its fourth quarter 2020 results on January 21. Silver production rose 3% from the prior year to 3.5 million ounces for the full year. Copper and gold production increased 11% and 18%, respectively. Sierra Metals is projecting strong production guidance and improved EBITDA growth for 2021.

Shares of this silver stock last had a P/E ratio of 28, putting it in the same range as Silvercorp. While silver has retreated from its previous highs in early February, this metal is still well-positioned to gain momentum in 2021. I'm looking to stash silver stocks in my portfolio right now.

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