



Why Gold and Silver Stocks Skyrocketed on Wednesday

Description

What happened?

The shares of most gold and silver mining companies skyrocketed on Wednesday. While **First Majestic Silver** ([TSX:FR](#))([NYSE:AG](#)) had a company-specific, [positive trigger](#), most other top-gaining stocks, like **New Pacific Metals**, **Silvercrest Metals**, and **Endeavour Silver**, also surged by at least 10% each today. By comparison, the main Canadian market index was trading on a mixed note with minor 0.2% gains for the day.

So what?

The year 2021 ended on a bullish note for the stock investors, with the **TSX Composite** benchmark posting its best year in over a decade. However, the year 2022 seems to have started on a different note, as fears about high inflations across North America started hurting investors' sentiments. While the U.S. Federal Reserve has already indicated several rate hikes in the near term, investors are now anticipating even a tighter monetary policy amid consistently rising long-term bond yields. Notably, the yields on 10-year government bonds in the U.S. as well as in Canada [increased](#) to their multi-year highs yesterday.

These factors have driven a big rally in precious metals prices in the last couple of sessions. For example, gold prices were trading with nearly 1.5% intraday gains this afternoon, while silver prices have surged by more than 5% since Monday.

Rising precious metals prices could help companies like First Majestic, New Pacific, Silvercrest Metals, and Endeavour Mining boost their profitability in the near term. These expectations are driving a sharp rally in these gold and silver stocks today.

Now what?

Interestingly, most U.S. stocks that I've mentioned in this article were trading in the negative territory on a year-to-date basis until yesterday. After today's sharp gains, First Majestic stock is up 6% in 2022. Similarly, New Pacific Metals, Silvercrest Metals, and Endeavour Mining are trading with nearly 7-8% gains year to date each.

While an intraday rally in precious metals prices is driving these gold and silver stocks higher today, there's no guarantee that fundamentally weak stocks will manage to maintain these gains for long. That said, First Majestic stock could be worth betting on right now, as the company released its record Q4 production results yesterday, along with a solid 2022 production guidance. These factors could help its stock keep soaring in the near term.

CATEGORY

1. Investing
2. Metals and Mining Stocks

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2. TSX:FR (First Majestic Silver)

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