



## 2 Silver Mining Stocks Canadians Can Buy Right Now

### Description

Silver is a precious metal used in several industrial applications. It is considered the finest thermal and electrical conductor among metals, which makes it essential for electrical applications as well. In fact, over 50% of the demand for silver is derived from the industrial sector.

Similar to gold, investors consider silver a safe-haven metal, a store of value, and a hedge against inflation, making it a good bet during an economic downturn.

The equity markets are wrestling with a multitude of macro-economic factors that include rising interest rates, surging inflation numbers, supply chain disruptions, geopolitical tensions, and higher commodity prices, among others. While most major indices are trading in the red this year, silver prices have gained close to 9% in the last six months.

There is a good chance for indices to move lower in 2022, as corporate earnings might contract due to the above-mentioned reasons, which might drive silver prices higher.

So, investors looking to gain exposure to silver can look to invest in companies that mine the precious metal. However, it might be difficult to find a pure-play silver mining company, as most players also mine other metals, such as aluminum, copper, and iron ore.

Most mining companies are well poised to increase production and reduce costs which result in the accelerated expansion of earnings and high operating leverage. However, miners are also vulnerable to cost overruns, operational issues, and regulations, which act as headwinds.

We'll look at two silver mining companies Canadians can buy right now.

### First Majestic Company

Valued at [a market cap](#) of \$4.7 billion, **First Majestic Silver** ([TSX:FR](#))([NYSE:AG](#)) generates about 50% of revenue from silver and the rest from gold. A Canada-based miner, First Majestic operates three mines in Mexico with a few others under development. Additionally, the company also operates

the Nevada-based Jerritt Canyon Gold Mine which it purchased in 2021.

First Majestic aims to be the largest silver producer globally and continues to invest heavily in capital expenditure to achieve its long-term goals.

The company has increased revenue from \$308 million in 2018 to \$587.2 million in 2021. Analysts expect sales to rise by 32% to \$711 million in 2022 and by 7% to \$761 million in 2023. Comparatively, its adjusted earnings are forecast to rise from just \$0.02 in 2021 to \$0.53 in 2023.

## Wheaton Precious Metals

The second stock on my list is **Wheaton Precious Metals** ([TSX:WPM](#))([NYSE:WPM](#)), which is valued at \$29 billion, by market cap. It does not own or operate any mine but provides miners with capital to support development costs. In turn, it receives rights to purchase the metals from the miners at a fixed price.

The [company expects](#) silver to account for 40% of the total production mix between 2022 and 2026 which is the highest among other streaming or royalty companies. It has the right to purchase silver at US\$5.81 per ounce through 2025. So, if silver prices move above US\$5.81/ounce, Wheaton Precious Metals will book steady profits.

As it's a streaming company, Wheaton Precious Metals manages to generate a tonne of cash, which is used to pay investors a dividend or invest in other metal streams. It pays investors annual dividends of \$0.75 per share, indicating a forward yield of 1.17%.

### CATEGORY

1. Investing
2. Metals and Mining Stocks

### TICKERS GLOBAL

1. NYSE:AG (First Majestic Silver)
2. NYSE:WPM (Wheaton Precious Metals Corp.)
3. TSX:FR (First Majestic Silver)
4. TSX:WPM (Wheaton Precious Metals Corp.)

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