



1 TSX Silver Stock That's Dirt Cheap and Ready to Rally

Description

Silver and gold stocks have taken a few steps back in recent sessions of trade. With silver recently slipping, the top-tier miners have fallen suit. As you may know, the miners tend to amplify moves made by the underlying commodities they mine. As silver looks to surrender the gains posted in recent months, it may be a compelling time to take the role of [contrarian](#).

After plunging another 2.3% on Monday, silver now trades at around \$23.69 per ounce. Though it is really hard to value precious metals, I think that many investors who are light on such hedges may wish to give them a second look, not just for bounce-back potential over the near term but for a hedge against higher inflation and weaker economic growth.

Cheap precious metals stocks may be a buy on the dip

Indeed, Russia's invasion of Ukraine and soaring inflation have provided a bit of a tailwind for the ailing precious metals. Still, given the risks out there, I don't think silver or gold is nearly as high as they could be. Could **Bitcoin** and other crypto assets be to blame? It's hard to tell.

Bitcoin may be a new-age gold. But it's traded like a tech stock of late, and a more volatile one at that! During days that see extreme swings, Bitcoin may as well be a speculative high-multiple stock! Though I don't want to slam Bitcoin investors, I personally think its limited trading history makes it unworthy of the title of millennial gold. That said, investors may wish to diversify across the asset to lower their portfolio's long-term correlation.

In terms of lowering correlation, though, silver looks intriguing. I like to view it as gold on steroids, given its many applications beyond just jewelry and tableware. In terms of silver investing, it's hard to pass up the top miners for those who are bullish on the precious metals. That said, those looking for [stability](#) may wish to also consider physical bullion or coins. However, those who choose to go the physical route may not be happy with the meagre gains potential relative to their miners.

First Majestic Silver: A great silver stock for the long haul

A company like **First Majestic Silver** ([TSX:FR](#))([NYSE:AG](#)), I believe, adds a whole lot to the table for investors who can get in at a reasonable price. Recently, the silver miner clocked in a compelling 59% increase in production. Approximately 7.2 million silver equivalent ounces were mined for the first quarter. That's a significant production ramp-up. As silver continues to retreat, I think that investors may have a compelling entry point in First Majestic, as investors gradually forget about the solid first quarter.

Shares of FR slid nearly 5% on Monday and are now off 21% from the monthly high of nearly \$18 per share. That's a rapid decline, and it's on the back of recent weakness in silver (and gold) prices. Now off nearly 40% from its all-time high, I think those who lack any silver or gold exposure may have an intriguing entry point on their hands. The stock has slipped too fast, too hard. Though it's tough to gauge what silver's next move will be, I think that it's tough to pass up a well-run operator like First Majestic. It's a best-in-breed miner, and it's worthy of a premium multiple.

In any case, such a silver stock is more of a long-term hedge than a near-term trade. There are benefits of owning silver as a part of a diversified portfolio. That said, I would not look to overweight a position in the name, even if you fear a bear market, climbing inflation and perhaps a bear market.

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1. Investing
2. Metals and Mining Stocks

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