



## Pan American Silver Bulls Target Monthly Breakout

Ticker/Price: PAAS (\$18.75)

### Analysis:

**Pan American Silver (PAAS)** buyers of 4,000 January \$18 calls up to \$2.65 to open today into the highs and follows buyers of the September \$18 calls over 19,500X on 8-1 and the September \$16 and \$17 calls. PAAS had buyers of the January \$16 calls on 8-1 as well, over 3500X, while some put sales in October. Shares are hitting new highs today and up almost 70% for the quarter as gold and silver rally. On a longer-term view, shares are basing in a multi-year range under \$20 which targets a move to \$30. The \$3.67B company trades 26.5X earnings, 4.2X sales, and 26.5X cash with a 0.80% yield. PAAS expects 102% and 45% EPS growth the next two years with revenues up 21% next year. PAAS is seeing better silver production while other metals like zinc/lead both rose 17% and 33% respectively in Q2. The company bounce Tahoe Resources in 2018 which expanded their foothold in South America. It doubled their reserve base to more than 575M ounces which was well-above peers like Hecla and Coeur. Analysts have an average target for shares of \$17 with 3 buy ratings, 3 hold, and 1 sell. Deutsche Bank upgrading to Buy earlier this summer citing their quality producing assets, such as La Colorada, coupled with large silver reserves and a strong track record of managing Latin America-based assets. Short interest is 5.25%. Hedge Fund ownership fell 22% in Q2. Polunin Capital, Slate Path Capital, and Passport capital all notable buyers.

### Hawk Vision:



**Hawk's Perspective:** Silver and gold are clearly more emotional, flight-to-safety trades right now which has made a number of these names run but PAAS is interesting from an asset perspective and one to target on a pullback.

**Confidence Ranking:** \$\$