



## Why Cameco Corporation Shares Pulled Back Today

### Description

*While Fools should generally take analyst opinions with a grain of salt, it's not a bad idea to take a closer look at particularly stock-shaking analyst upgrades and downgrades — just in case the reasoning behind the call makes sense.*

**What:** Shares of **Cameco Corporation** ([TSX: CCO](#)) slipped 3% this morning after TD Securities downgraded the Canadian uranium miner from Buy to Hold.

**So what:** Along with the downgrade, analyst Greg Barnes lowered his price target to \$26 (from \$29), representing about 12% worth of upside to yesterday's close. So while contrarians might be attracted to Cameco's price slide over the past month, Barnes' call could reflect a growing sense on Bay Street that its risks still aren't fully discounted in the valuation.

**Now what:** According to TD, Cameco's risk/reward tradeoff is pretty balanced at this point. "[T]he supply discipline that is being enacted by uranium producers all combine to indicate that the uranium market is establishing a base from which a sustainable rebound in market prices is possible," said Barnes. "However, we are concerned that market prices could continue to trend lower in the short to medium term because the market remains oversupplied. In addition, we expect that the uncertainty surrounding the CRA transfer pricing dispute is likely to overhang the share price."

When you couple that uncertainty with Cameco's still-hefty debt load, it's easy to understand TD's cautious stance.

### CATEGORY

1. Investing

### TICKERS GLOBAL

1. TSX:CCO (Cameco Corporation)

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bpacampara

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