# 3 Reasons Cameco Corporation Could Be the Breakout Stock of 2015

## Description

Uranium producer **Cameco Corporation** (TSX: CCO)(NYSE: CCJ) has seen better times. The company's stock dove in the aftermath of the Fukushima nuclear disaster, and is currently trading at about half of its value before the fallout of the damaged nuclear plant dramatically decreased demand for uranium and spread negative sentiment about the future of nuclear power.



Now, after years of decreased demand, the uranium sector appears to be at a tipping point. While all the fundamentals are in place for a revival, one uranium expert says that a rebound in uranium prices could happen quite swiftly. Exploration geologist and uranium expert Dr. Keith Michael Barron, who is also the Founder of U3O8 Corp, thinks uranium prices could very quickly double.

A resurrection in uranium will most definitely translate into an increased value of Cameco's stock. Here are three reasons why the uranium sector is undergoing a major change and why the company's stock could be one of the top performers in 2015.

**1. Japan to restart nuclear power facilities**

Uranium prices were cut in half following the Fukishima disaster as countries scaled back their use of uranium over safety concerns while a pessimistic outlook for the future of uranium as a fuel exacerbated the price decline. Following the disaster, Japan shut down its 50 rectors but now the country has approved a plan to restart the reactors. Not only will this increase the demand for uranium, it will help lift the negative sentiment surrounding the nuclear sector with the country that is the sight of the disaster willing to return to using uranium as a fuel.

**2. China needs nuclear**

China's future includes an increased reliance on nuclear as the country tries to move away from coal and toward a cleaner source of fuel to provide power for its large population. Due to constraints, nuclear is by far the best, and arguably the only option for the country to provide more power, affordably, and without extreme negative impacts on the environment.

As of September 2014, the People's Republic of China had 21 operating nuclear power reactors and

27 under construction. Additional reactors are planned with the goal of increasing the current nuclear output three-fold, to 58 GWe by 2020, and then another dramatic increase, to 150 GWe by 2030. This rapid increase in nuclear power demand from a country with a very large population base could really tighten the supply chain for uranium. Combined with the idled production, uranium could be poised for some very steep price swings.

**3. Cameco is well-positioned**

The first two factors discussed here clearly paint the picture for an ascent in nuclear use and therefore uranium prices. Now, the next step is to pick the right uranium company to invest in, and I think that uranium company is Cameco.

Cameco is the largest uranium producer in the world, and its scale has enabled the company to survive the downturn with uranium supplies on hand for sale and production continuing. Given the forecasts for a quick revival in uranium prices it makes sense to invest in a company that is already producing. The uranium industry in particular has a long start-up cycle for mines, with the permitting process taking a great deal of time.

With Cameco already having supplies and the ability to continue to produce supplies as demand increases the company is positioned to profit from the revival in uranium demand while other companies will be left out in the dark.

Not ready to bet on a revival in the uranium industry? We've got another great stock idea for you!



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