



## If Uranium Hits \$50, These Companies Will Soar

### Description

Interest in uranium is returning with the news that two reactors in Japan had received confirmation that they could reopen. After the Fukushima disaster, investors liquidated their interests in uranium, which explains why the price of uranium miners has dropped to such lows.

One company whose stock often tracks the spot price of uranium is **Cameco Corporation** ([TSX: CCO](#)) ([NYSE: CCJ](#)). And over the past week, there has been a 15% increase. It's now trading at around US\$41.75 per pound.

But Cameco isn't the only stock that closely tracks the price of uranium. **Uranium Participation Corporation** (TSX: U) is a holding company that invests the majority of its assets in uranium concentrates. Unlike Cameco, which actually digs uranium out of the ground, UPC buys the resource and stores it in warehouses in Canada, the United States, and Europe. Therefore, its value directly correlates to the value of the resource.

But there's more good news for Uranium companies. Jeffrey Wright, an analyst at H.C. Wainwright, believes that the price of uranium can rise to over US\$50 per pound within the next 12 months. The last time uranium was priced at over US\$50 a pound, Cameco was trading at around \$29/share. At the close of business on Thursday, Cameco was trading at \$18.25 a share. That gives this company the potential to move up over 35% over the next year.

Naturally, this is contingent on the price of uranium returning to those prices. But I think that there is going to be enough demand over the coming years that investors will push the price up to over US\$50. And the demand for uranium by power plants will start kicking into overdrive once more of these Japanese reactors start.

But the frenzy is not just with Japan. By 2023, there will be over 90 new nuclear reactors. While some of them are in countries that have their own uranium deposits like Russia, the vast majority of them are in China. With the country looking to invest more on clean energy, it has doubled down on nuclear. That's going to mean a lot of business for Cameco, which will send the price of the resource even higher. This will increase the overall value of UPC's holdings.

It's important to understand that uranium is a long-term hold. Nuclear plants tend to sign 10-year contracts at a specific price, so it can take a long while for the company to start generating new business. But as these reactors open, they'll need to get fuel from somewhere. And I believe Cameco is the ideal way for that to happen.

In my opinion, Cameco makes a great growth company to add to your portfolio and Uranium Participation Corporation offers diversified resources for your portfolio. But if you want other ideas for your portfolio, you'll definitely want to check out [this instant portfolio](#) we've put together for you.

## CATEGORY

1. Investing
2. Metals and Mining Stocks

## TICKERS GLOBAL

1. NYSE:CCJ (Cameco Corporation)
2. TSX:CCO (Cameco Corporation)

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