



My 2-Stock Plan to Profit From Uranium

Description

Japan is restarting the reactors that have been shut down for the past few years. China is doubling down on nuclear power because it needs to find a way to generate lots of energy without polluting the skies. India is realizing that it needs to start generating electricity in a more efficient way. Even Saudi Arabia is looking to get in on the nuclear craze because it realizes it's the most efficient means of generating electricity.

All of these countries are planning their future with nuclear. And that is going to require a significant amount of investment from them, but it's also going to require a ton of uranium to be purchased. These purchases are going to start toward the end of 2015 and then really start kicking into gear over the next few years.

Because of this, I've put together my two-stock plan to profit off uranium. I believe these two companies—one large and one small—will generate significant returns for investors.

Cameco Corporation

The first company goes right to the source. **Cameco Corporation** ([TSX: CCO](#))([NYSE: CCJ](#)) is one of the largest uranium miners in the world and accounts for about 14% of the total supply. Because of this, it is definitely going to be on our list.

What I like about Cameco is the fact that it is trading at ridiculously low prices right now, making it unusually attractive to buy. The reason for this is that uranium is so volatile. One minute it is on the rise and then it plummets and then it repeats. Therefore, investors are unsure where to value Cameco.

But the other thing is the fact that production has dropped globally, leaving Cameco an even stronger provider of uranium. When the supply squeeze comes, many buyers are going to come to Cameco. I predict that by the end of 2015, Cameco will be trading at \$29 per share. And all of this while paying a 2.23% yield. Imagine what it'll be when uranium is priced by up at \$70 or \$80 a pound?

Uranium Participation Corporation

This company is a gold mine waiting to happen because it is so unbelievably undervalued.

Uranium Participation Corporation (TSX: U) is a holding company that takes investors' money and buys physical uranium to store in warehouses. It is not a producer; it's just a buyer.

Its theory is that the price of uranium will rise and then it will be able to sell it at a profit. Buy uranium at \$35 per pound and then sell it for \$70 per pound. But here's why you should buy this stock immediately. The net asset value for this company is \$5.96 a share. Anything below that is considered a discount. It's currently trading at \$5.12. That is a 14.1% discount to the actual value of the company. Buying it now and then holding it as uranium rises means your profits will be great.

Both of these companies are great and I think they should be in your portfolio.

CATEGORY

1. Energy Stocks
2. Investing

TICKERS GLOBAL

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

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