



3 Reasons Why 2015 Could Be a Big Year for Cameco Corporation

Description

For the first time in several years, 2014 was actually positive for the price of uranium.

After the price of the commodity dipped early in the year to below US\$30 per pound, the summer saw strength, eventually seeing the price nearly hit \$45. It sold off shortly after, but the year ended with the commodity higher. This was the first positive year since 2010, when prices surged to above \$70 per pound.

2015 looks to be positive for the commodity as well, a good sign for **Cameco Corporation** ([TSX:CCO](#))([NYSE:CCJ](#)). Here are three reasons why the stock could be a big winner in 2015.

Japan

After the tragedy of the earthquake and subsequent nuclear meltdown in Fukushima, Japan, in 2011, the Japanese government felt compelled to take drastic measures. Amid political pressure, it ordered all nuclear power plants in the country shut down.

Now that some time has passed and some of the old wounds have healed, moderate voices are calling for the nation to fire up at least some of its idled nuclear plants. Nuclear energy was 30% of Japan's total power supply at the time of the disaster, and the nation has been dealing with the higher prices a shortage brings since then. Plus, once the plants are built, nuclear power doesn't cost as much as traditional sources like coal and natural gas. It's the upfront cost that's expensive.

The government has been slowly moving towards restarting some of its idled nuclear capacity. The nation revealed a new energy plan in April 2014, which called for the reignition of 8-10 nuclear reactors in the next few years. The first two, located in Sendai, have been approved by the local authorities and are scheduled to go back online in the next few months.

Although Japan plans to increase its power usage from renewable sources over the next 20 years, it's obvious that nuclear will continue to play a role in the immediate future. There just aren't other economical options.

Oil recovery

Part of the reason why uranium sold off during the latter part of 2014 is because oil (and to a lesser degree, natural gas) went down so much. As competing fuels get cheaper and technology makes them cleaner, they suddenly present a compelling alternative to things like nuclear power. When was the last time you heard about a natural gas power plant having a meltdown?

Although the future currently looks pretty pessimistic for both oil and natural gas, it's obvious the market is suffering from a bit of short-term thinking. Most energy projects aren't profitable at current prices, which means production cuts will happen. It's only a matter of time. These cuts will inevitably send oil higher, likely at some point in 2015.

Once higher prices for oil and natural gas become the norm again, look for uranium prices to head higher as well.

China

Although investors have plenty of reasons to doubt the official numbers coming out of China, one thing is certain — the country is serious about cleaning up its air.

This means a wholesale move away from coal-generated power into cleaner methods, namely nuclear. According to a report by the World Nuclear Association, the nation has 22 nuclear plants already built, 26 under construction, and even more are planned. Nuclear power production in the country is expected to increase three-fold by 2020, and then increase three-fold again by 2030. There's plenty of room to grow, since nuclear energy only made up 2.1% of the nation's power output at the end of 2013.

At this point, the Chinese are pretty much self-sufficient with their nuclear program. This means they could potentially expand their influence to other nations in the area and take on the role of designing, building, and even operating power plants in other countries.

Nuclear isn't the only energy source with a bright future. Check out another energy source we think will do well.

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Author

nelsonpsmith

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