



Could These 2 Stocks Double in 2015?

Description

Overall, 2014 was a good year for the markets, but there are some notable exceptions, particularly when it comes to commodities companies.

Barrick Gold Corp. ([TSX:ABX](#))(NYSE:ABX), for one, is down about 23% over the past 52 weeks, and that includes the 26% it has gained since the start of 2015. **Cameco Corporation** ([TSX:CCO](#))([NYSE:CCO](#)) is another stock that has been battered over the past 52 weeks, declining 28.8%; 6% of those losses were experienced since the start of 2015.

If you want to make money investing you have to buy stocks when they are relatively low. Unfortunately, this is easier said than done. When stocks are under pressure, there is a reason for it, and this reason usually scares most investors off. While it is basically impossible to predict the low point for any stock, these two companies have a great near and longer-term picture, even though 2014 was a year that both these companies would rather forget.

Barrick Gold Corp.

Barrick Gold has already added 26% to its value this year, and I believe that there are even more gains in store. 2014 was not a good year for the gold miners as a whole, and this year the gold market has already improved, and should continue to. We have already seen a fundamental shift in the gold market this year as gold has managed to post gains even with a higher U.S. dollar thanks to increased safe haven demand.

Barrick should see gains on the fact alone that gold is recovering. It saw a greater sell-off than many of the gold miners when gold went through its last price rout because the company was not in a good financial position. As gold collapsed, the miner was forced to take some major write-downs and slash its dividend.

Now, the company has worked hard to improve its financial position. Is it the most financially sound of the gold miners? No. But the sell-off in the stock is reflective in the price crash and with the improved gold market and Barrick's improved financial position, this company is well positioned to experience some steady gains this year. Given the current political and economic climate, Barrick Gold will likely see a steady improvement, but expecting the stock to double may be far fetched. It could happen, but likely would take some very intense political or economic upheaval.

Cameco Corporation

It was not just 2014 that was a rough year for Cameco Corporation. The company has had a tough time since 2011 when the Fukushima natural disaster put the future of nuclear power into question. Now, as time has gone on, nerves about the use of nuclear power have calmed as it has become clear that it is irreplaceable as a power source. In the future many countries around the world, particularly China, will increase the amount of nuclear power they use, thanks to the fact that it is relatively environmentally friendly to use uranium compared to other power sources, such as coal.

In fact analysts are already prepared for a rapid increase in nuclear capacity starting now and going forward. According to the World Nuclear Association, China will increase nuclear capacity to 58 GWe by 2020 and India will add up 30 new reactors by 2030.

Cameco is well positioned to benefit from the oncoming nuclear renaissance. The stock may remain under pressure for now, but things have been fundamentally shifting for some time. Analysts have commented that the spot market is tightening as inventories are drawn down and production is nowhere near being back to pre-Fukushima disaster levels. This means that over the short-term uranium prices could be choppy and Cameco stock could see some spikes. Over the longer term its a no-brainer that uranium demand will increase to fuel nuclear power plants and Cameco will profit.

I expect in the future that Cameco stock will once again hit its glory days level of almost \$60 per share, about triple its current going rate. How quickly the recovery happens will depend on how soon nuclear capacity ramps up and how cautious uranium producers are about increasing production.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:B (Barrick Mining)
2. NYSE:CCJ (Cameco Corporation)
3. TSX:ABX (Barrick Mining)
4. TSX:CCO (Cameco Corporation)

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