



## Buy Cameco Corporation and This Other Uranium Stock

### Description

The world is on a trend to try to decrease the amount of fossil fuels that are pumped into the air. Solar power, wind power, geothermal energy, and hydroelectric power are all fine ways to generate electricity, but one of the most efficient ways is to use nuclear energy.

One nuclear reactor can power the homes of hundreds of thousands of people at a significantly reduced cost than other forms of power generation. While there are risks to it, many countries believe that the rewards outweigh the risks.

Over the next decade, an additional 80 reactors should come online around the world. Each of these reactors is going to need a large chunk of uranium to fuel these plants, which could push the demand for uranium from 155 million pounds up to 230 million. Due to the market today, many uranium miners have held off on launching new operations, so when this demand kicks in, the supply won't entirely be there, forcing the price to rise.

The two companies that I believe investors should buy and hold for the next five years if they believe in a uranium resurgence are **Cameco Corporation** ([TSX:CCO](#))([NYSE:CCJ](#)) and **Uranium Participation Corporation** (TSX:U).

### Cameco

The first company on our list is a uranium miner. It accounts for close to 14% of the total uranium market, putting it in a very lucrative position when the price of uranium returns to pre-Fukushima levels.

The last time uranium hit \$70 the price of Cameco was \$40, which, at today's prices, would more than double your money if you bought today. There are some analysts that predict we could hit that price point within the next couple of years, making this a very lucrative investment if it pays off. And while we are waiting for it to succeed, Cameco pays a 2.32% yield.

The one risk for Cameco is that it is under investigation for not paying all of its income taxes. That number could be up to \$1 billion in unpaid taxes, which would be a big hit on the company. The good news is that this is likely already factored into the price, minimizing the downside. And if Cameco wins

the tax court case, the stock could pop quite nicely.

## Uranium Participation Corporation

If you're uninterested in owning a company that is currently dealing with legal issues, but still believe in uranium, UPC is the way to go. This company holds only one asset: uranium. In essence, it owns uranium-specific warehouses where it stores thousands of pounds of uranium.

Because of this very basic business plan, its entire value is derived from the value of the asset. When uranium goes up, UPC goes up. When uranium goes down, UPC goes down. It trades similar to an ETF.

My advice when buying UPC is to forget you have it for a few years and wait for the price of uranium to rise much higher. That will make this stock worth much more.

## Uranium has a future

The reality is, uranium has a future in this world. I think it has a far more lucrative future than some of the coal companies out there. Because of this, I think that investors should look to add one or both of these companies to their portfolios.

## CATEGORY

1. Investing
2. Metals and Mining Stocks

## POST TAG

1. Editor's Choice

## TICKERS GLOBAL

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

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