



Could Cameco Corporation Be Just the Stock You Need?

Description

With the world becoming more accepting of the fact that we are dealing with increased global warming, countries around the world are realizing that they need to start generating electricity from sources other than fossil fuels. Just walk into one of China's major cities and you will feel a difference in your breathing due to how polluted the air is.

While solar, wind, and hydroelectric power are all really efficient, but they require either a lot of sun, such as in Texas, a lot of open space, such as in the mid-western states, or access to a large, moving body of water. Without those three things, those forms of electric generation are difficult to use.

Nuclear power, on the other hand, is available anywhere there is a power plant. And because of that, I believe that nuclear power is one of the more efficient ways of generating electricity. And the good news for investors is that some of the largest countries, such as China and India, are realizing that this is the case.

The stock that investors should buy if they are bullish on nuclear power is **Cameco Corporation** ([TSX:CCO](#))([NYSE:CCJ](#)). It is one of the largest uranium mines in the world and, because of how low uranium prices have gone, it has been beaten up in the markets. However, I believe that this stock is just waiting for the time to return to its former glory.

China and India need nuclear power

China and India are going to need to invest in nuclear power if they are going to be able to get the pollution in their cities under control. And the truth is, they are already investing a lot in launching new reactors.

By 2023, there will be 93 new reactors launched across the country. According to the U.S. Energy Information Administration, China and India will need to double their nuclear power every year until 2040.

When you think about that, you realize that there is a lot of nuclear power coming. And that means that a lot of uranium will be needed. Each reactor needs approximately 200 tonnes of uranium per year. To

hedge against prices, nuclear power plant operators tend to buy enough uranium to last three years. Therefore, every new reactor will need 600 tonnes.

The good news is, China and India are not the only countries investing in nuclear power. Other countries, such as Saudi Arabia, also have reactors on the way. Japan is restarting their reactors, which won't provide short-term boosts to uranium prices, but in the long term, will absolutely help.

Because of this expected increase in demand, some analysts predict that uranium could hit US\$65 by the end of the year. The last time uranium prices were at that point, Cameco traded at nearly \$40 a share.

And to top it off, even though the company is dealing with low prices in its commodity, it still pays a 2.2% yield, which is \$0.10 per quarter.

All told, investors should buy Cameco if they believe that uranium is going to be the primary mode of generating electricity for many decades to come.

CATEGORY

1. Investing
2. Metals and Mining Stocks

TICKERS GLOBAL

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

Category

1. Investing
2. Metals and Mining Stocks

Date

2025/07/28

Date Created

2015/09/04

Author

jaycodon

default watermark