



## Buy Cameco Corporation and This 1 Other Stock to Invest in Uranium's Future

### Description

The uranium market is starting to turn around. Japan has started turning on reactors and the perception is that over the next few years demand will kick into overdrive, sending the price of the resource much higher. While the future for uranium looks bright, the present remains relatively dismal.

The reality is, there are many countries that are expanding their nuclear power generation significantly with the goal of creating cleaner electricity. For example, China currently generates 2% of its electricity from nuclear energy. But that 2% makes it one of the six-largest countries using nuclear energy. By 2030, it hopes to generate 30% of its electricity via nuclear energy.

Over the next 17 years, India wants to see its nuclear power increase from the current 21 reactors providing 6,000 megawatts to 45,000 megawatts. That sort of growth is going to require significant growth in demand.

All told, there are more than 60 new reactors under construction right now. By 2024 there should be 518 total reactors, which is up from the present 437. With all of these new reactors coming online, demand is going to increase significantly.

Because of this growth in demand, investors should own stocks of uranium companies. There are two that I believe will reward investors handsomely over the coming years.

The first is **Cameco Corporation** ([TSX:CCO](#))([NYSE:CCJ](#)), which is a traditional uranium miner. The second is **Uranium Participation Corp.** (TSX:U), which is more of a uranium holding company.

### Cameco

Cameco Corporation is one of the most efficient uranium mines on the market today. Due to that efficiency it has been able to stomach the many years of depressed uranium prices while still paying a 2.36% yield.

The company recently signed a deal with the Department of Atomic Energy of India to sell 7.1 million pounds of uranium concentrate through 2020. This is a great first move and I expect that, if the above

predictions about growth are true, Cameco will provide increased amounts of the resource in coming years.

To ensure that it can meet demand, Cameco has been pushing forward with smart production growth. Its Cigar Lake project, which it owns 50.025% of, has already achieved the year's goal of 10 million pounds of uranium concentrate in the third quarter.

All told, Cameco is a great uranium miner that is going to be in a profitable position to shine when uranium prices improve.

### **Uranium Participation Corp.**

This stock is more like buying an ETF in uranium. Unlike Cameco, which produces uranium, UPC just buys it and holds it. Its strategy is simple: it issues shares to raise money, buys uranium with that money, and then puts the uranium into a warehouse until the value goes up. It occasionally sells some of the uranium to generate cash flow.

Because of its strategy, it doesn't pay any dividend and isn't ever likely to. Instead, what you're doing here is buying a stock that tracks the price of uranium. Therefore, when the price goes up or down, UPC follows. The benefit of a stock like this is that it is very easy to calculate the net asset value, which allows you to find the best price to enter.

### **Buy uranium**

My belief is that over the next few years the price of uranium is going to improve tremendously. Investors should absolutely buy these two stocks to gain exposure to the market.

### **CATEGORY**

1. Investing
2. Metals and Mining Stocks

### **TICKERS GLOBAL**

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

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