



## Buy Cameco Corporation and This Other Unknown Stock if You Believe in Uranium

### Description

For investors who are passionate about the use of uranium for generating power, there aren't many stocks that are worth investing in. They are either overpriced or are terribly inefficient. However, there are two companies in particular that I believe are worth considering.

But for those investors who don't know much about uranium, it's important to understand a few points.

The market is currently very weak for uranium. Ever since the Fukushima disaster a little over five years ago, the world has been trepidatious about launching new nuclear reactors and starting up older ones. Because of this, the price of uranium plummeted and has remained low for quite some time.

However, there are a few approaching catalysts that will increase the demand for uranium significantly, sending the price of uranium stocks much higher. The first has to do with China. Presently, it generates 2% of its electricity from nuclear energy. What's so fascinating is with that 2%, China ranks in the top six of nuclear power generation. The country is pushing to increase that to 30% by 2030.

India is also pushing hard into nuclear power. It currently has 21 nuclear reactors that provide 6,000 megawatts of power. Recognizing that its population is growing fast, it's looking to increase that generation to 45,000 megawatts over the next 17 years.

At the present time, there are more than 60 new reactors under construction. Each of these, when they launch, will need to procure a multi-year stash of uranium to ensure that they are able to generate power at all times. I expect that significant increase in demand to push the price of uranium higher. And with that, I believe that **Cameco Corporation** ([TSX:CCO](#))([NYSE:CCJ](#)) and **Uranium Participation Corp.** (TSX:U) are smart buys for the resurgence in uranium.

### Cameco

When it comes to investing in world-class uranium miners, you can't do much better than Cameco. It is one of the most efficient miners on the market today, allowing it to generate profit even with the price of uranium down.

Recognizing that there is going to be a uranium crunch at some point in the near future, Cameco has been pushing forward with smart production growth. In essence, it can take close to seven years for a new uranium mine to get set up, which means if demand outpaces supply, the price will have to rise. It owns 50.025% of the Cigar Lake project, which more than achieved the year's goal of 10 million pounds of uranium.

Even better, Cameco signed a deal with the Department of Atomic Energy of India to sell 7.1 million pounds of uranium concentrate through 2020. As I mentioned above, if India is going to increase its power generation to 45,000 megawatts, it'll need to buy a lot of uranium. Cameco will be one of those suppliers.

### **Uranium Participation Corp.**

Unlike Cameco, this is a very straightforward play. UPC buys and holds uranium, storing it in a secure warehouse. Essentially, this is an ETF for uranium. It issues new shares to raise money, buys uranium with that money, and then stores it. If the share price becomes disproportionately high in comparison to the underlying assets, it sells more shares and rebalances.

There is no dividend and there is likely never going to be one. This is a uranium price tracker; therefore, if you believe the price of uranium is going to rise, this is one of the easiest ways to benefit from it.

### **Uranium has a bright future**

While it is currently dealing with problems, I expect the uranium market to strengthen as we continue through this decade and into the 20s. Therefore, these two stocks should provide ample exposure to that market.

### **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**

---

2016/03/31

**Author**

jaycodon

default watermark

default watermark