



## Cameco Corporation: The Longest-Term Investment Possible

### Description

There are a lot of long-term investments that could take months to a few years to actually give a sizable return. But I believe that **Cameco Corporation** ([TSX:CCO](#))([NYSE:CCJ](#)) might win the award for longest-term investment possible. The reality is, it is going to take quite a long time for this investment to truly turn around. The good news is, when it does turn around, it could provide a very handsome return on investment.

Japan is slowly turning on its nuclear reactors that were shut down after the Fukushima disaster. Only three are currently active, but analysts expect that 20 could be turned on over the next couple of years. Though it has been slow, every time one of these reactors turns back on, the psychological impact on the space gets even stronger.

But while these reactors are appealing, the real money for Cameco and other uranium companies is going to be in the 61 reactors currently under construction, plus the other 170 that are in various stages of planning. Each reactor that comes online will require multiple years of uranium supply before they can turn on. This will ultimately push the price of uranium far higher than where it is today. Analysts at *Morningstar* believe the price could rise to US\$65 as these reactors come online.

Two countries that are going to really push this growth in demand are China and India. Presently, China is one of the six-largest nuclear countries in the world, despite only generating 2% of its power from nuclear energy. By 2030 it wants that number to be 30%, so you can imagine how much demand there will be. And India is looking to grow its nuclear power generation from 6,000 megawatts to 45,000 megawatts by 2035.

The other reality is that setting up a new uranium mine is both cost and time prohibitive. It can take years for a new mine to get operational, so new mines are not being launched, which will create a supply squeeze as demand heats up. This could help to send the price of uranium even higher, creating a cushion for Cameco and others to operate with heftier margins.

Finally, there are contracts that Cameco has been forced to honour that date back to 2003, when the price of uranium was US\$12.50; these contracts have prevented the company from maximizing profits.

Now that these contracts are coming off the books, new contracts will be at higher prices, which will help it earn more.

But here's the thing ... It's going to take China and India quite some time to really ramp up their demand. And even when those contracts come off the books, the new ones may not be at high rates. Buying Cameco today at very cheap prices is a long-term belief that the next 10 years will be lucrative. If you can stomach that time horizon, this could be a great company to own.

## **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**

2025/08/25

## **Date Created**

2016/09/30

## **Author**

jaycodon

default watermark

default watermark