



Cameco Corporation Looks Well Positioned for 2017 and Beyond

Description

Cameco Corporation ([TSX:CCO](#))([NYSE:CCJ](#)) could be looking at a very profitable few years to end the current decade.

The company is a uranium producer that has been the subject of much talk recently due to the high expectations for the industry over the coming years. Between 2017 and 2020, uranium prices are expected to rise steadily, helping companies such as Cameco reap the benefits.

Recently, there have been more nuclear reactors developed than ever as at least 65 new reactors are opening, while nearly 400 more are coming in the near future. There is a growing sentiment in the world regarding the use of nuclear energy as a more environmentally friendly and more affordable alternative to power the world. There is a higher demand for uranium that will be quite profitable for Cameco going forward.

Cameco is producing the mineral from a number of places, including the fruitful Athabasca Basin, which is located in parts of Saskatchewan and Alberta. The area is particularly important due to the fact that it contains uranium of the highest quality. Another reason why demand is higher is because the current supply of uranium is not big enough to satisfy the growing list of clients or potential clients. There are plenty of billionaires who are taking notice of the potential that is there.

Firms flocking to uranium producers include David Iben and **Kopernik Global Investors LLC**, which recently acquired more than 540,000 shares of CCO and are bullish on the stock. Five of seven analysts covering the uranium producer rate it a "Buy," while two others rate it a "Hold."

The stock surged 1.3% on Thursday, December 8, helping to drive Cameco shares 33.2% higher since November 1. CCO shares are selling at US\$13.76, while the average price target for the stock is at US\$15.06. If this figure is reached, the company's value will increase by more than US\$500 million. Investment firm **D. E. Shaw & Co.** is also looking to cash in, as the group recently bought 1.4 million Cameco shares.

The price of uranium could go up to \$65 by 2018, which would be 256.16% higher than its current price of \$18.25. The Asian market is especially appealing to uranium producers as China's demand could

double to 9,800 metric tonnes per year by 2020. It's hard to talk about the mineral without considering the Fukushima disaster in 2011 caused by a tsunami, which played a role in greatly lowering the price of uranium. The negative perception of the product has been more positive lately as the toxicity in the Japanese city has disappeared.

The sky is the limit for Cameco, and 2017 and beyond seem like the right time to invest in the company. Plus, CCO is a stock you can feel good about as the company is ultimately helping to reduce carbon emissions by using uranium as an alternate form of energy around the world.

CATEGORY

1. Investing
2. Metals and Mining Stocks

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Date

2025/07/27

Date Created

2016/12/09

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