



## Cameco Corp. Is Up 18% in the Past 3 Months: Is the Stock Breaking Out?

### Description

**Cameco Corp.** ([TSX:CCO](#))([NYSE:CCJ](#)) has struggled over the years, but it looks as though the stock is finally gaining some steam. Over the past three years, its share price has dropped more than 26%, but year-to-date the stock has risen more than 18%. Low uranium prices have made life difficult for Cameco and forced the company to [slash its payouts](#) and scale back production in an attempt to push commodity prices up.

### Is the worst over?

In its [most recent quarter](#), Cameco was actually able to turn a profit, which was a big change from \$18 million loss that the company recorded a year ago. Sales were also up 12% and the company has generated nearly \$800 million in free cash over the past four quarters. It's a bullish sign for a stock that has seen nothing but problems.

However, the company remains cautious on its outlook for the price of uranium; it didn't adjust its outlook for the year as there's still a lot of uncertainty in the industry. And there's good reason for that, as the price of uranium has held steady at ~US\$21/lb this year, which is nearly half the price it was just three years ago. What's concerning is that despite supply cuts by Cameco and others in the industry, we just haven't seen stronger commodity prices.

The only good news is that the price of uranium hasn't gotten any weaker.

### Is the stock worth the risk?

Cameco could have a lot of upside if uranium prices climb, but at this point it's anyone's guess as to when that might happen, if at all. You have to go back to early 2016 for the last time that uranium prices were over US\$30/lb.; right now, there's no reason to expect that prices will return to those levels anytime soon.

As a result, there's a great deal of risk when investing in Cameco today because as we've seen with oil and gas stocks, it'll be tough for the stock to see much bullishness without a stronger commodity price. It's also difficult for the company's financials, as Cameco has posted a loss in the past two years and

revenues have declined by 22% over that period. While Cameco may be doing what it can to shore up its financials, it just may not be enough for investors.

In addition to a weak commodity price, Cameco is dealing with a tax dispute as well as an arbitration case with a customer over a cancelled contract. These issues could also have a significant impact on the stock price and shouldn't be ignored. There are no shortage of issues plaguing the company, and it would be a lot simpler if all Cameco had to worry about was the price of uranium.

However, for investors who are willing to stomach the risk and hold on for the long term, the returns could be significant. The stock is trading around book value and although it's up from its 52-week low, it's still a good value buy. The momentum it is riding right now is solid, but whether the momentum lasts will depend on whether the company can follow up with another strong quarter in Q2.

## CATEGORY

1. Investing
2. Metals and Mining Stocks

## TICKERS GLOBAL

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

## PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

## Category

1. Investing
2. Metals and Mining Stocks

## Date

2025/08/28

## Date Created

2018/05/29

## Author

djagielski

default watermark

default watermark