



U.S. Now Looking at Uranium Imports: Should Cameco Corp. (TSX:CCO) Investors Be Worried?

Description

News from the U.S. recently came out that the Department of Commerce (DOC) would now be looking into uranium imports and whether the imports are a threat to national security, and many in Canada are concerned that this could lead to yet another tariff.

That could make an already difficult situation even worse for **Cameco Corp.** ([TSX:CCO](#))([NYSE:CCJ](#)), which has been struggling, as low uranium prices have weighed down the company's financials.

The company has only been able to turn a profit in one of its past five quarters, and sales have been down for two straight years. With uranium prices failing to gain much momentum, even amid [production cuts](#), it's no surprise that Cameco's stock has struggled over recent years. However, year to date, the stock has been up over 20%, but a tariff could jeopardize its long-term success.

No certainty we'll see a tariff or any action come from this

While talks of uranium certainly got the attention of Cameco investors, it is expected that the DOC's investigation into the issue could take three-quarters of a year. That means we may not even know the findings of the report until well into 2019.

Cameco CEO Tim Gitzel also cautioned that it is still too early to know anything, stating in the release, "We will need to see what the investigation finds, if any trade action is recommended, and what specific remedies might be pursued before the potential impact, positive or negative, can be determined."

What the DOC's statement means for Cameco today is ultimately nothing, and there's no guarantee anything will ever come of any findings. Gitzel went on to say, "If the issue in question is the overreliance of the United States on uranium supplied by state-controlled enterprises from countries not aligned with American policy interests, this clearly does not apply to Canada or Cameco."

A big part of the problem is that it's uncertain what the U.S. is even looking into with regards to uranium for investors or Cameco to know whether the company's exports into the U.S. are at risk. With

approximately 30% of its revenue coming from the U.S., Cameco would certainly take a big hit from any tariffs, but at this point it is hard to know if it would be impacted at all.

And while any sort of tariff could be significant to Cameco, it may only be a temporary one, especially if we see a change in power in the White House come 2020. In a few years, we could see a more open and free-trade-friendly government south of the border.

Should investors buy Cameco today?

Cameco hasn't seen a big impact since the announcement came out about the DOC looking into uranium, as investors are recognizing that it's too early to speculate.

With its stock trading at around book value, Cameco still has a lot of upside, but a lot has to go right for the stock. The [danger](#) with stocks that are dependent on commodities is that their performance can be impacted heavily by factors outside of their control. And while Cameco is a good value buy today, it's not suitable for risk-averse investors.

CATEGORY

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