



This Stock Has Soared +30% This Year and Could Go Even Higher

Description

While it's true that the markets have been soft this year, particularly in Canada, some stocks have been able to produce some good returns. **Cameco Corp** ([TSX:CCO](#))([NYSE:CCJ](#)) has struggled in recent years. In order to ensure that its financials would remain strong in the wake of poor uranium prices, the company was forced to [slash](#) its dividend.

Well, the decisions the company has made have been paying off, as the stock is up more than 30% since the start of the year. The stock that once seemed hopeless now has some new life and could still be a good pickup today.

Why has the stock done so well this year?

There are many reasons why Cameco has gotten a boost in 2018.

A few months ago, the company received good news relating to a [tax dispute](#) that could have seen the company saddled with a very big bill. The decision was appealed by the Canada Revenue Agency, but nothing has come of that thus far.

While the tax issue is good news for Cameco, the big catalyst behind the bullishness behind the stock's ascent has undoubtedly been higher uranium prices. For all of last year and the early part of 2018, uranium prices have been very low and been under US\$23/lb.

We've seen some momentum recently. As of November, the price had reached US\$29/lb, the highest that it's been since February of 2016. It's been a long fight to wait out a higher price for uranium, but with increases in five consecutive months, it looks like confirmation that the worst might finally be over.

It shouldn't come as a big surprise either that the company's financials, which are heavily dependent on the commodity's price, also got a boost. The company was able to post a profit for just the second time in the past five quarters, and it was able to stay in the black despite showing minimal sales growth from a year ago, when it posted a heavy loss of \$124 million.

Although things have gotten better for Cameco, it's still only trading at around 1.3 times its book value,

which shows just how undervalued the stock would have been before this rise in price and is yet another reason why it has gotten a boost.

Should investors consider buying Cameco today?

The stock has briefly jumped north of \$16 a share this year but for the most part, it has seen a lot of resistance at that price point, which may suggest it has run into a bit of a ceiling. In the past month, the stock hasn't made any progress further up in price as it has remained below \$16 during that time.

To be able to break its 52-week high, Cameco will need something more to help prove the results last quarter weren't a fluke and that it is on the right path.

For that reason, I wouldn't make any moves on the stock just yet. Investors might therefore be better off waiting for another earnings result to see whether the company has indeed turned a corner.

CATEGORY

1. Investing

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2. TSX:CCO (Cameco Corporation)

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