



2 Uranium Stocks That Prove This Mineral Is Making a Comeback

Description

Let's take a trip back to 2011. Uranium is at one of its all-time highs in the last decade, and it seems like things will just continue this way for the foreseeable future.

Then on Mar. 11, 2011, came a disaster. An earthquake and subsequent tsunami in Fukushima, Japan caused a nuclear power plant meltdown. Radiation released and caused a large-scale evacuation with two deaths reported.

The tragedy left the uranium market in a tailspin. Each year from 2011 to 2017, share prices declined from the supply glut caused by the nuclear reactor meltdown.

But after almost eight years, there is some hope in the distance as countries across the world start to turn back to uranium. In the last year, prices have climbed 40%, with analysts predicting another rise of 40% by 2025. There are a few factors driving this surge in growth, including China moving towards nuclear and away from its reliance on coal. A total of 55 new reactors are also being built in India, South Korea, Japan, and Russia, and 60 are in the planning stages.

All this is great news for uranium stocks that haven't seen much movement in almost a decade. So, if you're looking to get into the market before it jumps, here are two worth considering.

Cameco

When countries start going nuclear again, **Cameco** ([TSX:CCO](#))([NYSE:CCJ](#)) will be one of the first companies to benefit. Cameco is [one of the largest and lowest-cost producers of uranium](#) in the world, with plenty of room for expansion. Currently, Cameco owns several of the world's highest-grade uranium mines, with its McArthur River mine yielding concentrations 100 times higher than the industry average.

Shareholders haven't had to wait to get some good news from the company. In November, shares jumped 10.8% from its quarterly results. The company announced it would be cutting back production to help ease the supply glut. It also boasted a net income of \$15 million compared to a loss of \$50

million at the same time last year. All this proved Cameco can control its spending while it waits for the uranium comeback. The news gave Cameco highs it hasn't seen in nearly two-and-a-half years.

Investors were also thrilled by the recent decision of a lawsuit against Cameco by the CRA. The CRA claimed a Cameco subsidiary selling uranium in Switzerland was being used to avoid taxes back in Canada, but the courts ruled in Cameco's favour. The company could have been liable for a \$2 billion tax bill, but the courts ruled in their favour. However, the CRA is appealing the decision, so investors will have to hold their breath a little longer for those results.

Another investor hope is that the return of uranium will mean a return of the once great dividends offered by Cameco. The company once offered \$0.10 per share, but that has been cut back in the last year to \$0.08 per share.

So, right now investors have their fingers crossed that uranium makes a comeback and quickly, and they may not have to wait long. If a supply is needed by 2023, that means Cameco could see some planning begin as early as 2019. And when this stock is trading at just over \$15 with a potential of seeing the \$50 range in its heyday, it might just be too cheap to pass up.

Energy Fuels

Now, if you're looking for some huge stock potential, **Energy Fuels** ([TSX:EFR](#))(NYSE:UUUU) has had some [crazy highs and super lows](#). The stock is trading at \$4.87 at the time of writing, but that's nowhere near the highs it once had. Looking back 2007, the stock once hit \$232.50. Talk about some earning potential.

And the company has been making some smart plays recently. Energy Fuels is the only company in North America that produces both uranium and vanadium, and that has seen some strong gains for the company. After its Q2 results in August, the steady increase Energy Fuels saw suddenly jumped with the news of the plan to restart vanadium recovery at its White Mesa Mill. Then with its Q3 report, the company rose almost a dollar to \$5.35. As I mentioned earlier, prices have come down a bit since then but remain at a steady increase.

It's not only vanadium that has investors excited; Energy Fuels owns three of the United States's key uranium production centres, and that's only the beginning. A U.S. Geological Survey confirmed that the United States has an extensive amount of in-ground uranium resources at its disposal, all of which would sustain the long-term uranium needs of the United States's energy and national security.

Speaking of national security, Energy Fuels made a fantastic move recently when it went to the courts to take advantage of President Trump's "Buy American Policy." As I mentioned above, Russia and China are both expanding their uranium needs, and Energy Fuels argues that the United States shouldn't be buying from them when they have cheap, state-subsidized uranium here at home. Energy Fuels is seeking a set quota to limit imports of uranium. If this goes through, expect shares of uranium to see some considerable growth.

Energy Fuels is massively undervalued. Right now, it's like a chess player setting itself up for some huge moves in the future — moves that'll put it at the head of both the uranium and vanadium markets. While it may be moving slow and steady right now, expect some enormous jumps in the near future.

CATEGORY

1. Investing
2. Metals and Mining Stocks

TICKERS GLOBAL

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3. TSX:EFR (Energy Fuels Inc.)
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