



## Uranium Prices Are Rising: Is it Time to Buy This Stock?

### Description

Investing in stocks that are dependent on commodity prices is always [risky](#). After all, even if the company is running a tight ship and doing what it's supposed to be doing, if commodity prices aren't strong, that's enough to sink the outlook for not only the individual stock, but the entire industry. We've seen how a low price of oil has made life difficult for many oil and gas stocks and uranium hasn't been any different, although things are starting to turn around.

For much of 2018, uranium was trading at a price below US\$23/lb, a far cry from where it was back in 2015 when prices were well over US\$30/lb. However, during the first two months of this year, we've seen uranium prices hold strong at US\$28/lb, and if that manages to hold up, it could result in some very strong quarters for uranium stocks.

**Cameco** ([TSX:CCO](#))([NYSE:CCJ](#)), in particular, is one stock that would welcome a strong price of uranium. The company has already [cut production and slashed its dividend](#), all in the hope of trying to keep its books strong while it endures all the adversity. Over the past five years, Cameco's share price has tumbled by nearly 40%.

However, things have started to pick up for the uranium producer with the stock climbing more than 30% during the past 12 months. Investors are hopeful that this is the beginning of a much more bullish trajectory for the stock now that uranium prices are looking a lot stronger.

Cameco has been doing better recently, as the company turned a profit in 2018. In the two prior years, it wasn't as lucky, accumulating losses in both 2017 and 2016.

## Why Cameco could produce significant returns in 2019

What makes Cameco an appealing buy is that the company has done a good job of trying to control costs and spending, including dividends. And that's a big reason investors aren't overly bearish on the stock, because management has been doing a lot of things well.

The company has positioned itself very well to take advantage of when the industry finally gets going

again, which may happen if the price of uranium is able to remain around US\$28/lb. The problem is that it's difficult to predict where the price of uranium will go. Even as Cameco and other producers were slashing production, there wasn't a whole lot of movement in the price of uranium.

If, in fact, the price of uranium does prove to be much stronger this year, then Cameco's stock could take off in a hurry. The silver lining is that if Cameco has been able to endure all the challenges it has faced and it's still doing well, then just imagine how well it would be doing under even mediocre circumstances.

There is definitely some risk here, but Cameco looks like a good long-term buy and could produce some good returns this year if uranium prices cooperate.

## **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
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## **Date**

2025/08/22

## **Date Created**

2019/04/02

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