



## Should You Buy Cameco Corp (TSX:CCO) Ahead of Earnings?

### Description

**Cameco Corp** ([TSX:CCO](#))([NYSE:CCJ](#)) is planning to release its first-quarter results on May 1. The stock has been struggling to generate any momentum as the share price has been stuck in a range this year, up just 2% since the start of 2019. However, that could all end if Cameco comes out with a strong quarter next week, and there's reason to believe it could be a good one. Let's take a closer look at the stock and see whether you should consider buying today.

### Rising uranium prices

This is the biggest factor that should have investors bullish on Cameco ahead of its upcoming results. For the first three months of the year, uranium prices have been much higher than they were in the prior year. The price of uranium hit \$28.90 per pound in January and remained at \$28.00 in February before falling to \$25.33 in March. A year ago, prices stayed around \$21 during what was a very weak period for uranium.

With that big of a change in uranium prices from one year ago, Cameco is in a good position to have a great quarter in Q1. Cameco has turned a profit for two straight quarters and it's no coincidence that uranium prices have been north of \$25 during that time. [Production cuts](#) and other market forces have finally started to bridge the gap between demand and supply.

For Cameco, the stock will always be heavily dependent on the price of uranium and where it's headed. It has a big impact on the company's top line and will ultimately determine how strong of a quarter the stock has. Although there is still some hesitation from investors, Cameco's share price has risen by 17% in the past year. However, with a price-to-book ratio of just 1.3, it's still modestly priced and could have some room to grow.

### How the company has done on earnings day in the past

[Last quarter](#), when Cameco released its results the stock ended up falling in price after trading near \$17 a share. It has been a similar story the two previous quarters as well, where even when there

might have been a bump in price, the stock would ultimately decline. The hesitation from the markets has been very noticeable in those performances, where even a good quarter still failed to generate a longer-term rally in the stock. This time, with uranium prices being stronger for a longer period, however, it might be enough to convince investors things have changed and there is more stability in the commodity.

## Bottom line

Cameco looks like a good value buy to me, and the stock looks like it's headed for better days. There's always going to have to be an asterisk next to it saying it'll depend on uranium prices, but for now, I'd expect for Cameco to have a very strong quarter and see a bit of a boost in share price. The problem, however, is that there's been strong resistance for the stock at around \$17; the last time the stock closed higher than \$18 was back in 2015. So while it might increase on the results, I'm not overly optimistic that it'll be able to go that much higher unless it has a spectacular showing.

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