



Uranium Titan Cameco (TSX:CCO) Could Have Huge Upside

Description

It doesn't take much to weigh down energy stocks at the moment, and last week it took nothing at all to send uranium stocks trading lower – literally. With the news that U.S. President Trump had no plans to make any changes to uranium supply regulations, American uranium stocks tumbled.

For example, **Energy Fuels** and **Ur-Energy**, two companies that had been pushing for a minimum 25% American-sourced uranium in the domestic market, saw drops in their share prices of over 30% on the disappointing news. However, the decision to forgo tampering with the status quo will potentially keep nuclear reactors running with competitive overheads, allowing them to better match other renewables sectors.

The case for Canadian uranium

However, no such qualms have yet roiled the Canadian market, with stocks like **Cameco** ([TSX:CCO](#))([NYSE:CCJ](#)) continuing to chug along with some growth in the share price. A true behemoth in its field, Cameco is the go-to stock for Canadian investors seeking exposure to the alternative energy sector, and looking for high growth potential in a space divorced from the classically volatile oil patch.

Trading with a far lower price tag than it did during the pre-Fukushima days, Cameco could [reward patient shareholders plentifully in years to come](#), with strong market performance, but still far cheaper than it would be during a full-blown nuclear resurgence. As new reactors come online around the world, investors can expect to see a sharp rise in interest in the company, which will likely be reflected in a rocketing share price.

The main thing that new uranium investors will be looking for is reliable supplies. While demand is rising, with hundreds of new reactors planned, supply issues have the power to put money in miners' coffers as uranium prices surge, but also add both constraint and doubt to the refurbished nuclear investment environment. What this means in practical terms for shareholders is that a certain amount of hope and patience is required.

Minimal passive income but high growth potential

A 0.55% dividend yield may grow as a nuclear energy Renaissance flourishes in coming years – after all, it's not that long ago that the company was dishing out dividends with a +3% yield. By stripping down its overheads and positioning itself to reap the rewards of hundreds of new international nuclear infrastructure projects, Cameco is setting itself up for sustained and massive growth that [new investors looking for defensive dividend stocks](#) should take heed of.

Waiting out the market is the name of the game. Cameco has been doing exactly that, and nuclear power investors should do, too. By buying Cameco at its current valuation, investors seeking high growth in a fuel source other than the fossil kinds gain defensive exposure to both energy and the Canadian metals and mining industry.

The bottom line

While some investors remain wary of the safety of uranium, the energy word is coming around to the idea as a future mainstay of the industry, with companies like Cameco leading the charge toward the clean and relatively cheap energy source. As U.S. uranium stocks trade lower, Canadian companies like Cameco remain a popular choice for energy investors looking to gain exposure outside of gas and oil.

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