



Forget IPOs: 2 “Ground Floor” Energy Stocks With Huge Upside

Description

The uranium bottom may well be in sight, and this could be an exciting situation for anyone holding — or about to hold — shares in some of the world’s better uranium producers. Stocks like **Cameco** ([TSX:CCO](#))([NYSE:CCJ](#)) could soon be all the rage, which is why newcomers to the radioactive metal could still have a ground-floor opportunity to cream a lot of upside in the not-so-distant future.

A long-term uranium investment to watch for the bottom

Okay, so it’s not quite the ground floor, but after years out in the cold, stocks like Cameco are going to look seriously undervalued in retrospect. As soon as those stockpiles of uranium are worth many multiples of times what they are now, [Cameco shareholders could find themselves sitting on a gold mine](#) (not to mix one’s metal metaphors). And the good news for value investors is that Cameco stock just got even cheaper.

Following a second-quarter miss that saw earnings fall short of analyst expectations, Cameco shares are a value investor’s dream at the moment, struggling to recover from the 7% dip they took on the news. While the phrase “falling knife” may spring to mind here, especially given the call for 2019 to essentially fail to excite Cameco shareholders, further misses and deepening value should be of interest to TSX investors bullish on uranium.

A rewarding energy stock that could ride out lower oil

Then again, cheap oil stocks with plenty of quality on display may also be a good source of upside, if fossil fuels are lacking in your dividend portfolio. While oil is displaying some pretty stodgy characteristics at the moment, despite the kind of turbulence-causing stressors that would send prices of the “black gold” through the roof in a normal economy, there is at least one stock that can benefit during lower oil.

The top stock that springs to mind is **Canadian Natural Resources** ([TSX:CNQ](#))([NYSE:CNQ](#)). This stock is in a rare win-win position. While tailwinds from bottlenecking could send oil-weighted tickers

soaring, Canadian Natural Resources also has what it takes to reward investors with stable dividends (currently yielding at attractive 4.54%) more or less regardless of what happens to oil prices in the mid to long term.

Short of completely tanking, which is highly unlikely given oil's ubiquity in the industrial world, lower oil prices shouldn't affect the passive income a shareholder can reap from holding Canadian Natural Resources stock. One of Canada's most sizeable oil and gas producers, Canadian Natural Resources is defensively diversified by its operations off the coast of Africa as well as in the North Sea. It's also eyeing crude-by-rail options that could [competitively increase its fuel transportation ability](#).

The bottom line

Cameco and Canadian Natural Resources may not be brand new stocks on the TSX, but they're good value for money with hefty upside potential. With a nicely valued fossil fuel stock that can regularly pay shareholders, even during protracted periods of lower oil and a world-class uranium producer that could rocket on nuclear bullishness, this pair of stocks could richly reward bold, patient investors over the years.

CATEGORY

1. Dividend Stocks
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TICKERS GLOBAL

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2. NYSE:CNQ (Canadian Natural Resources)
3. TSX:CCO (Cameco Corporation)
4. TSX:CNQ (Canadian Natural Resources Limited)

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