Double Down on Fortis (TSX:FTS) Stock or Buy Uranium?

Description

Trading at a hair's breadth shy of its 52-week high at the time of writing, **Fortis** (TSX:FTS)(NYSE:FTS) is a winning choice for a long-term investor wary of today's fraught economic climate.

Selling at $52.84 a share, the utility stock is a favourite of dividend investors who like to buy and forget about their most stable purchases. One of the sturdiest stocks on the **TSX**, Fortis is a top choice for low-risk investors.

On the other hand, you have a very different play in **Cameco** (TSX:CCO)(NYSE:CCJ). While its latest quarterly report failed to beat all expectations, the fact remains that this stock is gradually coming into its own, and commands a desirable position in a sector that could explode as nuclear enters a new Renaissance phase not so far around the corner. The stock is cheap and could reward investors mightily in coming years.

Two different plays in one defensive industry

Fortis is breaking new ground of its own, meanwhile, recently announcing a deal that's the first of its kind: The solid utilities company will be supplying China with liquefied natural gas in a two-year deal that sees a change of strategy from the spot deals that have been ongoing since 2017.

FortisBC and **Top Speed Energy** over in China will be buddying up as part of a deal that undercuts current trade tensions and adds a bit of cheer amid the usual geopolitical stressors.

Investors will have to weigh the low-risk, low-trade stability of Fortis against the huge growth potential of Cameco if they are looking to make a purchase in a single energy company.

Both have excellent market ratios on display, though Fortis is perhaps the better buy if risk is an issue. While Cameco is not a particularly high-risk buy in itself, the chance remains for the nuclear boom to fail to materialize, despite being talked up from many quarters.

For passive income, there's only one choice

In terms of dividends, Fortis is clearly the option for a passive income investor, forking out a yield of 3.35%, which is agreeable even at today's elevated share price of $53.79.

Investors may want to watch for a dip before stashing shares in a TFSA or RRSP, as Fortis is hovering close to its 52-week high and looking as though it could break its own all-time records as investors seek out quality in economically turbulent times.

Cameco looks like the stock to stack if you're impatient, however, with recent quarter sales climbing by 17% and gross profit shooting up by 62%. The company is also a smart choice for investors who like to see a business continue to grow profits despite high commodity prices.

The company is doing its best to reduce costs, with spending down year-on-year. Trading near 52-week lows, the stock is a very different beast from the galloping Fortis.

The bottom line

Two distinct energy sectors with two distinct valuations, Fortis and Cameco could hardly be any more different, despite servicing the same industry. Given their different backgrounds, both stocks could potentially be held in the same portfolio, offering a two-pronged approach to defensive energy exposure.

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