



This Exciting Growth Stock Has Too Many Catalysts to Count

Description

It can be extremely frustrating as an investor, when a stock you bought after a sell-off continues to decline.

You have done extensive research and know the ins and outs of the company, but you can't figure out what the problem is. You compared its price to its peers, you looked at the industry performance, and you compared it to historical prices.

All signs pointed to a profitable investment, yet all the stock has done is stay flat or move the wrong way.

The reason for this is most likely that the stock is lacking a catalyst.

Shot in the arm

A catalyst is any event that will bring attention or greater attention to a stock, especially one that has been undervalued. It generally creates a new trend in the stock, ends an old trend, or does both.

Sometimes, especially with stocks that are undervalued but trading within a narrow range, these stocks need a shot in the arm to get the share price ticking.

Once there is movement and volume in the stock then momentum and swing traders pile in and continue to move the stock upwards, where the price will then be determined more so by [long-term investors](#) at the stock's actual fair price.

Without the catalyst though, the company will be a sitting duck, which is why it's important to find stocks that have catalysts.

Conversely, one tactic investors use, is to think of any upcoming catalysts and which stocks it may affect, whether positively or negatively. An example would be buying oil stocks because you think the price of oil may increase in the short-term, which would be a catalyst for the share prices to increase.

Other typical examples of a catalyst would be analyst estimate changes, an acquisition, a corporate deal announcement, increases or cuts to the dividend, management changes, and new product launches.

Cameco Corp

One company that is undervalued and has a number of potential positive catalysts forthcoming is **Cameco Corp** ([TSX:CCO](#))([NYSE:CCJ](#)).

Cameco is a uranium producer that's engaged in everything from exploration and development to refining and sales.

One of the first potential catalysts for Cameco is the massive increase in electricity demand the world has been seeing and is expected to continue to see well into the future.

Since 2000, the world's demand for electricity has grown by more than 60%, and it's estimated that by 2040, demand will grow by another 58%.

The increase in electricity demand leads us into the next catalyst for Cameco, which is the global push to reduce climate change and create cleaner electricity.

Nuclear electricity is one of the best methods of low-carbon power generation. It's relatively cheap, and when comparing the entire life cycle of the assets against the amount of carbon put into the atmosphere, it is actually very comparable to renewable energy.

The world has taken notice of this, which leads us into the next catalyst for Cameco, the large increase in investment into the nuclear energy sector.

Currently, there are 50 nuclear reactors under construction world-wide, including in Asia, where there are more than 20 under construction.

As the demand for uranium increases and the above ground supply is depleted, there will be a greater reliance on mined uranium. This should increase prices making it more economical for producers.

Ready for demand

What's attractive about Cameco is its McArthur River mine, in which it owns a 70% share. McArthur River is one of the highest-grade uranium mines in the world. Cameco has suspended its production there in the short term, while it waits for higher spot prices.

When the demand eventually does lift prices, Cameco can recommence operations to capture higher profit margins.

The number of catalysts in the uranium industry and surrounding Cameco specifically are too many to count. What to watch for is the increase in demand in uranium over the next while, which would get the ball rolling on everything else.

CATEGORY

1. Investing
2. Metals and Mining Stocks

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