



Buy This 1 Rare TSX Stock for Huge Upside Potential

Description

Canada had a wake-up call this year when oil briefly traded at negative prices. It put energy diversification firmly on the agenda. While the oil industry arguably has a few years left in it, there are alternatives massing on the horizon.

Clean energy is a high-growth sector

Should energy investors overlook an estimated 77.4% annual earnings growth over the next one to three years? This key uranium stock matches decent growth potential with a strong balance sheet as well as a resilient share price in 2020. In fact, in the last 12 months, amid a backdrop of crushing market forces, **Cameco's** ([TSX:CCO](#))([NYSE:CCJ](#)) share price has gained almost 20%.

23% total returns in 12 months may not be significantly high. However, all estimates are based on current information backed up with projections continuing on from past performance. What those estimates won't tell you is how a company might perform given an unforeseen set of circumstances.

There is every reason to believe that 2021 won't look like any year that an investor has ever seen before. Consider 2019. Last year's markets were predictable because 2018 was predictable. Even the tantrums of American protectionism — while wild — had precedents. Trade tensions are a normal part of international diplomacy.

The pandemic has thrown a spanner in the works when it comes to future projections — even near-term ones. While businesses can tentatively predict that their Q3 won't be as bad as their Q2, that's about as far as estimates go. And even the idea that the worst of the pandemic-impacted economic effects are now in the rearview mirror isn't written in stone. Indeed, there will be plenty of fallout to contend with.

Speaking of fallout, there is a reason why uranium stocks are [still attractively valued](#). Aside from the fact that the supply-to-demand ratio is still high, that is. That reason is that nuclear power is unfashionable in the post-Fukushima energy market.

An industry that is gaining momentum

That may be changing, though. Alberta is now joining Ontario, Saskatchewan, and New Brunswick in advancing small modular reactor (SMR) development. The news should encourage clean energy investors. The province is signing onto a memorandum of understanding, which will further the advancement of Canadian nuclear energy.

The stated benefits of SMR development include job creation, economic diversification, and harmful gas reduction. But even aside from this, Alberta is a big get. Here's why: more than 75% of Cameco's proven and probable reserves located at the Athabasca basin region. With Saskatchewan already on board, Alberta's signature on the memorandum strengthens the localized focused on nuclear energy.

Investors now have an even stronger thesis for stashing Cameco shares in the energy segment of a [growth stock portfolio](#). While Cameco's consensus outlook may not currently be much to write home about, potential uranium demand tells the real story here. With uranium prices already up 33% in the year to date, there is a strong growth thesis when it comes to the nuclear energy space.

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