



## 2 Stocks That Could Go Nuclear!

### Description

Investors tend to overlook a certain type of green energy: nuclear. There are, of course, major risks with creating energy by splitting atoms — which is why this industry has been facing a public backlash and lack of investment for years. Here's why that could change and why nuclear stocks could be the ultimate contrarian bet.

### A green energy bridge

The cost of producing electricity from wind and solar farms has declined substantially over the years. Meanwhile, government policies and public demand has pushed the roll-out of these plants across Canada.

However, Canada's population and energy demand is growing *faster than the rate of green energy*. In other words, we simply are not adding enough wind or solar or hydro to keep up with demand. Also, these sources tend to dip just when demand is at its peak. Solar isn't viable at night time or less viable in cloudy weather, for example.

The rolling blackouts in California this month highlight this gap. The U.S. state has invested heavily in solar and wind farms over the past decade, but neglected its nuclear facilities. Now, the state faces its first rolling blackout in 19 years and millions of people face a difficult summer because of it.

To close the gap, scientists have suggested that nuclear energy could be the solution. Countries have avoided this solution for decades due to the risk of a Fukushima-like disaster or a toxic waste crisis. However, innovative nuclear companies are solving both issues and making nuclear a better green energy option.

Small modular nuclear plants are less at risk of catastrophic failure. Newer methods of nuclear fission are less waste generative. China, India and Russia are leading the way in adopting more new nuclear technologies. The market could be worth \$1 trillion over time.

## The future of nuclear

As countries in the East deploy more nuclear plants and create new safer technologies, the demand for Canadian uranium is likely to spike. This benefits stocks such as **Cameco** ([TSX:CCO](#))([NYSE:CCJ](#)) and **Uranium Participation** (TSX:U).

Both companies could see a rapid rise in the market value of the uranium they produce. The [price of uranium is already up 33% this year](#). Meanwhile, investors' pessimistic sentiment has made them both deep-value stocks.

Uranium Participation stock trades at a price-to-earnings (P/E) ratio of just 2.67. In other words, it recovers its entire market capitalization in less than three years! It's also trading at just 78% of book value per share. The stock could spike when investors recognize how undervalued and overlooked this sector is.

Meanwhile, Cameco is already delivering on this promise. The stock has gained 23% in value over the past year, despite the pandemic. Now, the management expects [77.4% annual earnings growth](#) for the next few years. Nevertheless, the stock is trading at just 1.11 times book value per share. This high-growth potential is trading at a bargain price.

Both stocks could go nuclear (forgive the pun) within this decade.

## Bottom line

While investors may have overlooked the nuclear energy sector, it's a critical part of the green energy revolution. This could be the ultimate contrarian bet for smart investors!

### CATEGORY

1. Investing

### TICKERS GLOBAL

1. NYSE:CCJ (Cameco Corporation)
2. TSX:CCO (Cameco Corporation)

### PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Sharewise
6. Yahoo CA

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