



1 Hot TSX Stock That Could Double This Year!

Description

This year started out as a good one for clean energy companies. Many saw shares explode once United States president Joe Biden came into office. The new commander in chief wants to cut greenhouse gas emissions by 52% by 2030. That's a huge cut, and it's going to take a massive investment in clean energy. In fact, the Biden administration has stated it will budget a record US\$1.85 billion towards supporting "existing and advanced nuclear technologies." That's why there's one hot stock that should double this year from this [clean energy](#) move.

That stock is **Cameco** ([TSX:CCO](#))([NYSE:CCJ](#)).

While other clean energy projects continue trying to get off the ground, nuclear energy is a proven, clean way to create power. What's more, Cameco continues to lead the charge in this arena as the largest producer of uranium in the world. Yet it continues to be undervalued. Let's look at why Motley Fool Canada investors should place Cameco stock squarely on their watchlists.

A stock has almost doubled

In the last year alone, shares of Cameco rose by 78% as of writing. This comes after a downfall that has the company working towards all-time highs in the \$60 range. After years of downward movement, the recent push towards clean energy has finally started pushing Cameco back towards the [fairly valued range](#). But it isn't quite there yet.

There is increased optimism for nuclear energy, especially during this new Biden administration. And on the sidelines, uranium prices may finally start coming up. This comes a decade after the Fukushima tragedy in 2011. So, while optimism is indeed preceding fundamentals, there is definitely value here for long-term investors. And, in fact, that optimism could carry this company to become a stock that could double this year alone.

A growing industry

After a decade of sinking and then stagnating, it looks like uranium is a rare growth opportunity for Motley Fool Canada investors. Most uranium is transacted through long-term contracts, and analysts expect global uranium demand to rise by 40% by 2025. This is after a decade of seeing almost no growth, making investors forget entirely about this incredible opportunity.

Where is this growth coming from? There are new reactors driving the strongest uranium demand growth in decades. China's reactor fleet will quadruple in the next few years to reduce its reliance on coal. There are also new reactors in India, South Korea, and Russia, as well as restarting Japanese reactors. So, not only could we see uranium increase, but there's likely to be a deficiency by 2023, as these reactors come online. Whereas uranium costs about \$32 per pound as of writing, analysts expect that to more than double to \$65 in the next few years.

Take advantage now!

Cameco stock should double this year, as it is one of the largest and lowest-cost producers of uranium in the world. With higher uranium prices, long-term holders should see immense benefits to their portfolio. Cameco already owns several of the world's highest-grade uranium deposits, predicting significant earnings growth for long-term Motley Fool Canada investors.

The stock remains in value territory, trading at 1.9 times book value and 5.4 times sales. There is definitely some risk in the next few years, with the company having to play catch up, as uranium increases demand. However, long-term investors are likely to see far more rewards by holding onto Cameco for the long term. And given the opportunity, the stock could double this year alone for those investors.

CATEGORY

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