



Analyst Hikes Growth Potential for Cameco Stock by 67%

Description

Analyst Andrew Wong from **RBC** Dominion Securities upgraded potential share growth for **Cameco** ([TSX:CCO](#))([NYSE:CCJ](#)) by 67% on Monday. In a research report, Wong stated there are significant changes coming due to the ongoing [Russia-Ukraine war](#).

What happened?

Cameco stock received a potential upside boost from \$30 to \$50 by Wong, who sees the transition to nuclear energy as a catalyst for growth. That growth has now been sped up, with Western countries now moving away from Russian nuclear power.

Cameco stock currently has “proven and currently operating Western-based uranium mines,” Wong said. A severe shortage in uranium means countries will need to look for companies like Cameco with this proven production.

Wong stated in the research note Cameco stock is predicted to create long-term production of 25 million pounds of uranium at its McArthur mine on a 100% basis. The demand for uranium should rise “significantly,” Wong stated, by 10% globally and 15% in the West. This should occur through to 2035.

So what?

Cameco stock will be a prime benefactor in the years ahead, true. But right now, Western countries are seeking to move away from Russia as fast as they can. And that’s while creating clean power so as not to rely on countries like Russia in the future and meet greenhouse emission targets.

This increased demand on uranium could lead to a prime premium for Cameco stock, as countries continue to seek Western supply due to the ongoing crisis in Ukraine. The price of uranium is [expected to grow](#) to \$65 per pound, up from \$50 per pound. All this will lead to more investor interest, which is why Wong increased his share predictions by 67%.

Now what?

The question is whether investor interest will remain even after the war in Ukraine. To Wong, the answer is yes. It's not just that uranium stocks are popular. It's that the world will move towards nuclear energy over the next decade and beyond. That will create continued investor interest, leading to a strong financial position for Cameco stock and others.

Investors will be able to see just how quickly that growth is coming when Cameco stock announces its earnings report on May 5. During the last quarter, Cameco reported revenue of \$464.5 million and \$1.474 billion for the year. While revenue was lower than the years before, there has been major improvement over the last few quarters. After a loss of \$0.18 earnings per share (EPS) in the third quarter, EPS rose to a positive \$0.03 in the fourth quarter.

While uranium stocks continue to see investor interest, this has also led to some retail traders boosting the stock. Still, the company remains of strong value if you're looking to hold it long term. So, it's certainly one to consider, especially as analysts like Wong continue to increase their share predictions for the company.

Cameco stock is up 37% year to date and 75% in the last year. It currently trades at 2.92 times book value.

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