



Uranium Stocks Edge to 52-Week Highs: Are They Still Buys?

Description

Uranium stocks continue to be a tough decision for Motley Fool investors. There were several catalysts that hit the industry, leading to soaring growth and followed by crashes. Yet now, companies such as **Cameco** ([TSX:CCO](#))([NYSE:CCJ](#)) and **NexGen Energy** ([TSX:NXE](#)) have reached 52-week highs. What's been going on to allow them to [reach these levels](#), and are they still buys?

What happened?

Cameco stock and NexGen stock both edged towards 52-week highs this week mainly due to Russia. Russia continues to be a massive supplier of uranium. However, the ongoing sanctions on Russia due to the tragic Ukraine crisis have led countries to seek out other supplies. This created an increase in uranium stocks from other countries.

Cameco stock and NexGen stock are included in this category. Both companies operate out of Canada, selling their supplies to the Americas, Europe, and Asia. And this could only be growing stronger with Russia temporarily out of the picture.

How temporary?

That's the big question. The world is moving towards clean energy. To get there, nuclear power will be a large part of that future. Therefore, uranium stocks are a solid way to invest in that future. However, it's an expensive move. Therefore, lower prices for Russian uranium were a benefit for many countries to make the move.

With Russia out of the picture for now, it looks good for companies like Cameco stock and NexGen stock. But the question is how long can it last? Ideally, everyone hopes that the crisis in Ukraine will end soon. When it does, these companies are likely to see a drop with sanctions potentially coming to an end.

Sure, one could hope that the world will transfer their uranium supply needs to Cameco and NexGen

for good. But the prices are likely to be too enticing. Meanwhile, countries are already trying to find other ways to become less reliant on outside countries for energy needs. This has led to an increase in demand for projects like solar and wind power.

Now what?

Uranium stocks like these received a boost by analysts in recent days. In fact, as I [recently wrote](#) one analyst increased their target price to \$50 per share for Cameco stock. And frankly, the recent sanctions against Russia simply brought issue boiling under the service to light.

The demand for uranium is *not* temporary. The sanctions against Russia are, sure, but demand for uranium will continue to grow. In fact, it could send prices for uranium soaring towards US\$65 per pound. Cameco stock and NexGen stock will be there with uranium on hand for when that happens.

Cameco stock has already increased production, and NexGen is on the way to do the same thing. That's led analysts to increase their outlooks to "outperform" for both companies. Countries want to move away from long-term exposure to countries like Russia. Instead, they'll create long-term deals that will help them keep uranium flowing in.

Foolish takeaway

So, the answer is a solid yes: uranium stocks are still buys, especially Canadian companies like Cameco stock and NexGen stock that have solid deals made and ready to go. More countries are likely to come their way to get away from Russia. And that will create long-term contracts for more cash flowing in — just in time, as the world enters a uranium deficit in the years to come.

CATEGORY

1. Energy Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:CCJ (Cameco Corporation)
2. TSX:CCO (Cameco Corporation)
3. TSX:NXE (NexGen Energy Ltd.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. alegatewolf
2. kduncombe

Category

1. Energy Stocks
2. Investing

Date

2025/09/09

Date Created

2022/04/13

Author

alegatewolf

default watermark

default watermark