



Uranium or Lithium: Which Is the Better Buy?

Description

Renewable energy: it's where investors should be placing their attention when it comes to growth opportunities. However, it's not as clear *which* renewable energy option will be the biggest opportunity.

Right now, there are two areas that Motley Fool investors should be focusing their attention: uranium and lithium. While lithium is needed for batteries powering these renewable sources, uranium is already in heavy use from nuclear reactors. So, which one should Motley Fool investors look to today?

The case for uranium

There are over 450 nuclear reactors around the world today, and that number is growing. China is set to have 50 more reactors online in the coming years. And that's one country alone. Other highly populated countries, such as India, are also set to create more reactors to have clean energy. And that leaves a huge demand for uranium.

But that demand may be finite. Uranium needs to be mined, and that means it may not last forever, with prices for uranium set to soar higher and higher. While that's good news for investors, it may not be long term. Should it eventually run very low, then the world may have to find another [clean energy](#) option and all but abandon nuclear power altogether.

But that is still years and perhaps decades away. Until then, nuclear power seems to be the main source of clean energy power for the time being. And that's why companies like **Cameco** ([TSX:CCO](#))([NYSE:CCJ](#)) provide such a great option.

Cameco is one of the world's largest uranium producers, with prices soaring upwards now that there are sanctions on Russia. And with earnings due next week, it's a great time for Motley Fool investors to consider buying the stock before a potential earnings boost.

Shares of Cameco stock are up 23% year to date as of writing.

The case for lithium

Lithium is also a great option, as it is needed to power batteries. These batteries are needed for every type of clean energy power source *except* nuclear power. So, that includes electric vehicles, wind power, solar power, you name it. And it's why lithium stocks are also a strong option for investors to consider.

But there remains the same issue that Motley Fool investors may have with uranium. Lithium is also mined, and that could indeed mean there is a finite source of lithium as well. As prices soar [upwards](#), we could end up with the same problem, and it could be much faster. That's because, with so many sources dependent on battery power, we could run out of lithium faster than we can produce it.

Still, as with uranium, this is, again, decades away and could lead to huge growth over the next decade or so — especially with car manufacturers looking to lithium to power their electric fleets by 2035. And in that case, I would certainly look to **Lithium Americas** ([TSX:LAC](#))([NYSE:LAC](#)).

Lithium Americas is one of the largest producers of lithium in the world, creating more opportunities, especially in Latin American countries. Furthermore, it's been acquiring and investing in businesses that could see its lithium business expand even further. And again, earnings are due in May, providing a solid earnings boost.

Shares of Lithium Americas are down 10% year to date as of writing.

Foolish takeaway

So, what should Motley Fool investors consider? They should consider what the rest of the world is, of course: both! It's going to take a balance over the next decade or more to create a clean energy future, and these two companies are set to become great winners. While there are certain to be problems down the line, as there were with oil and gas, over the next few decades, there's a lot of money to be made. So, these are both stocks Canadians should consider adding to their watchlists.

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