



Better Buy: Renewable Energy or Uranium Stocks?

Description

Renewable energy is the future. There's simply no way around it. But *which* type of renewable energy? After all, if we look at where investors have placed their bets in the past, one or another type of energy source always came out on top.

First it was coal, then oil and gas. Now that we've finally come around to moving towards a new type of energy production, namely [renewable energy](#), which type will come out on top? Today, I'm going to look at whether it could be uranium or environmental power.

Uranium stocks

Uranium stocks are a solid choice for investors seeking growth in the next decade. Nuclear power creates clean [energy](#) that we can continue to use for years to come. These stocks are already being pushed higher as the world attempts to shift away from oil and gas production. This is evident in the United States where about 20% of power now comes from nuclear plants.

These stocks will continue to climb as the rest of the world comes on board. India, China, Russia among other countries have already signed on to develop more nuclear power plants. Currently, 445 nuclear reactors are operational globally, and 52 are under construction. Moreover, the Russia-Ukraine conflict has prompted Europe to consider accelerating investment in nuclear, wind, and solar to reduce dependence on Russian natural gas. These factors combined with supply uncertainty have boosted uranium prices in 2022.

The question is, for how long? Demand is rising for nuclear power, and we simply don't have the stored uranium to support it. Companies like **Cameco** ([TSX:CCO](#))([NYSE:CCJ](#)) will do well in the near-term with the surging price of uranium, sure. But uranium stocks could then be set up for an eventual crash when we run out of uranium or realize it's not something we can continuously mine for.

So, while uranium stocks should be a great purchase in the next decade, it's more of a transitional power source. Long-term investors may want to look elsewhere.

Environmental sources

Renewable energy is eco-friendly; unlike fossil fuels and other types of energy sources, retrieving renewable energy doesn't damage our environment. And that's what you get with environmental sources. These power sources come from air, water, and solar, which will always exist. That's what makes them the perfect power source.

The problem *here* is that we have a long way to go before we can store this energy in large amounts. So, while it looks like we will eventually move towards these renewable energy sources, over the next decade there will be a lot of problem-solving to do.

When that problem is eventually solved, there's bound to be a huge shift towards renewable energy. And there are certainly ways to get in on the action today for the patient investor.

One way would be to invest in a company like **Brookfield Renewable Partners LP** ([TSX:BEP.UN](#))([NYSE:BEP](#)), which invests in all of these power sources. The company continues to sign on more European countries and demonstrates significant promise in the decades to come. Plus, you can lock in a juicy 4.03% dividend yield!

I would also recommend **Lithium Americas** ([TSX:LAC](#))([NYSE:LAC](#)) if you want in on lithium battery power which is the go-to energy storage source that is already in high demand for electric vehicles. The company recently announced that early-works construction is on track for its large-scale Thacker Pass project that will have a life of mine of over 40 years. This project is forecast to achieve average earnings before interest, taxes, depreciation, and amortization (EBITDA) of \$520 million. There are strong tailwinds at the back of the electric vehicle industry that are leading growth investors to consider stocks like Lithium Americas.

Bottom line

While uranium stocks should continue performing well over the next decade, there will eventually be a time when we move away from nuclear energy. So, I would instead choose the safety and security of renewable energy from environmental sources and seek stocks that are set up for growth in this sector.

CATEGORY

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2. Investing

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2. NYSE:CCJ (Cameco Corporation)
3. NYSE:LAC (Lithium Americas Corp.)
4. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
5. TSX:CCO (Cameco Corporation)
6. TSX:LAC (Lithium Americas Corp.)

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