



FEATURED OPTIONS RADAR REPORT



Cameco Call Buyers Target Washington Push Towards Clean Energy Solutions

Ticker/Price: CCJ (\$17.65)

Analysis:

Cameco (CCJ) some sizable positioning in the name all week with buyers of more than 15,000 May \$21 calls, 14,000 May \$19 calls, 20,000 June \$20 calls, and over 3,000 September \$30 calls bought on 4/5 alone. CCJ still has size open interest in the June \$25 calls and July \$25 calls from late March while 15,000 September \$25/\$35 call spreads were bought on 3/29. Shares have rallied recently and forming a nice bull flag under \$19 and new highs with a measured move to \$23-\$24. The rising 50-day MA has been supportive on the run higher. The \$6.6B company trades 160X earnings, 4.5X sales, and 8.8X cash with a small yield. CCJ is a leader in uranium mining and production and benefitting from a global push towards clean energy with nuclear power key to sustainably reaching both electrification and decarbonization targets. CCJ expects capacity needs to jump nearly 3X over the next four years to accommodate demand from both China and the US alone while pricing should improve from trough levels hit in 2020. Supply will also remain constrained with Kazatomprom committing to keeping their largest mines closed as they look to reduce overall global supply through 2022. Analysts have an average target for shares of \$20 with Street High \$23. GLJ Research is Buy rated and notes that CCJ produces over half the world's uranium and the next few years could lead to uranium demand surprising to the upside as the world tries to reduce carbon emissions providing a nice tailwind for the company. Short interest is around 3%. Hedge fund ownership rose around 2% in Q4, Pointstate Capital a buyer of nearly 3M shares.

Hawk Vision:



Hawk's Perspective: CCJ sets up well under \$18/\$19 and name that can catch a nice run if it gets going and should be an active year in 2021 with the new administration clearly focused on pushing clean energy resources forward

Confidence Ranking: \$\$