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Keeping Track of the Nuclear Fuel Market

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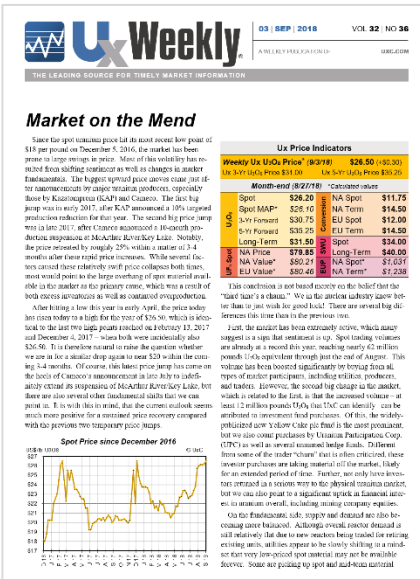
headlines from around the world are delivered directly to your email daily. Since 2009, the UxC Broker Average Price (BAP) has been published with support by the participating nuclear fuel brokers (Evolution Markets and Nucmerco Limited). In 2021, UxC began publishing the *Ux U₃O₈ Price* on a daily basis. This daily pricing service keeps industry participants up to date with the latest spot uranium price moves.

The *Ux Weekly* is much more than a newsletter. It is a comprehensive information service provided by the nuclear market's most trusted and reliable research and analysis firm.

Additional information about the *Ux Weekly* and its associated services that accompany a subscription can be found online at our public website at: www.uxc.com/p/products/uxw_overview.aspx

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Market on the Mend

Since the spot uranium price hit its most recent low point of \$18 per pound on December 5, 2016, the market has been prone to large swings in price. Much of this volatility has resulted from shifting contract as well as changes in market fundamentals. The biggest upward price action came just after announcements by major nuclear producers, especially those by Rosatom (UAP and Casaco). The day's big jump was in early 2017, after Rosatom announced a 10% output production reduction for that year. The second big price jump was in late 2017, after Casaco announced a 10-month production suspension at its Khibiny-Kovdoray Lake. Recently, the price retraced by roughly 25% within a matter of 3-4 months after these initial price increases. While several factors caused these relatively swift price collapses both times, most would point to the large volume of open uranium available on the market in the previous years, which was a result of both excess inventories as well as contracted obligations.

After hitting a low this year in early April, the price volatility has been a high for the rest of 2020, which is especially the last two large price moves on February 13, 2021 and December 4, 2021 – values both were approximately \$26.50. This question remains to raise the question whether we are in for a similar drop again to near \$22 within the next 3-4 months. Of course, the latest price dip has come as the back of Casaco's announcement in late July to indefinitely suspend its operations at Khibiny-Kovdoray Lake. But there are also several other fundamental factors that can point to it. It is worth this to note, that the current reduced uranium price is more positive for a sustained price recovery compared with the previous two temporary price drops.

Spot Price since December 2016

Ux U ₃ O ₈ Price (USD/lb)	Ux SWU Price (USD/lb)
Spot: \$26.20	NA Spot: \$11.75
Spot-MAP: \$25.10	NA Term: \$14.50
1-yr Forward: \$30.75	EU Spot: \$12.00
2-yr Forward: \$33.25	EU Term: \$14.50
Long-Term: \$31.50	Spot: \$24.00
NA Price: \$75.85	Long-Term: \$40.00
NA Value: \$80.21	NA Spot: \$7.03
EU Value: \$80.45	EU Term: \$7.28

Month-end (8/27/21) Contracted values

This condition is not based on the "bid" market but rather on the "ask" market. There are several differences in the time that the previous one.

Just, the market has been extremely active, which many suggest is a sign that sentiment is up. Spot trading volumes are already at a record this year, reaching nearly 62 million pounds 1-yr option through just the end of August. This volume has been sourced significantly by buyers from all types of market participants, including nuclear producers, non-nuclear, investors, the second big change to the market is related to the fact that the increased volume of at least 12 million pounds of the UxC can identify can be attributed to increased demand for uranium. Of this, the industry-published *Ux Yellow Cake* price that is the most prominent, but also some pressure by Uranium Participation Corp. (UPC) as well as several uranium hedge funds. Of these, from some of the "red" market that is often criticized, these investors are taking interest in the market. They are an extended period of time. Further, we only have investors entered in a system very to the physical uranium market, but not also part to a significant extent as financial investors to uranium overall, including trading company equities.

On the other hand, the spot price has also been increasing over the market. Although some market demand is still relatively low due to new contracts being traded for existing contracts, it will have to be the market for a sustained price recovery (spot market) may not be available. Some are pointing to spot and term contracts.