Adjusting to a Dynamic Market

In the aftermath of the Fukushima accident, reactor projects worldwide were delayed and some new reactors were canceled. Through 2016, global uranium supply continued to increase as many advanced-stage uranium projects came online supported by higher-priced utility contracts. As a result, utility and supplier inventories increased as global reactor requirements declined. However, in the last two years, multiple producer cutbacks has reduced global uranium production by 27 million pounds U3O8 to a projected 135 million pounds U3O8 in 2018. With annual production now below reactor requirements, utility and supplier inventories are steadily declining.

Over the long term, improvement is forseen for nuclear power, with China’s nuclear generation still expected to grow at a rapid rate, India building up strategic reserves due to its lack of low-cost domestic uranium resources to meet ambitious demand growth, and new countries such as the UAE. and Saudi Arabia advancing their nuclear power programs. Thus, it remains imperative for new production to meet accelerating growth by the middle part of the next decade to avoid a price spike situation.

While it is critical for new projects to be developed by the mid 2020s, this could prove challenging given the difficulty to finance new projects in the current economic environment. And as exploration slows, this delays the development time for the next wave of new uranium projects.

There are also the complex economic, environmental, strategic, and geopolitical issues facing various uranium projects over the next 10 years, which must be understood and risks evaluated by buyers to protect themselves in the future.

Preparing for the Future

In assisting utilities, UxC has revised the Uranium Suppliers Annual (USA), containing comprehensive data and information on all of the world’s uranium suppliers, including detailed sections on planned producers and junior exploration companies. USA includes future production forecasts, operational considerations, supplier/project risk analysis, production cost estimates, mill capacities, project reserves, and supplier/facility summaries. USA also features Google project maps for primary, domestic, and planned producers.

Furthermore, the USA examines supplier marketing strategies, allowing buyers to understand the capabilities and motivations of suppliers, as well as the political, social, and economic environments in which they operate. In addition, the USA is supported and updated via UxC’s Subscriber Services website, giving subscribers the opportunity to retrieve the latest supplier information. For more information and pricing, please contact Nick Carter at nick.carter@uxc.com.