Uranium Market Outlook

Navigating Market Volatility

Rebalancing Supply to Demand

Despite rising spot prices over the last half of 2018 due in large part to suppliers finally cutting significant production volumes, spot prices slipped in the first half of 2019 as utility and investor demand turned out to be subpar ahead of the Section 232 decision. While President Trump’s decision has put a conclusion to the statutory 232 investigation, it has not fully ended the discussion about how the initiation of a 90-day "Nuclear Fuel Working Group" could still result in support for the U.S. uranium industry.

In the near-term, U.S. utilities can now proceed with new long-term uranium procurement and other components without the threat of a specific origin requirement. Non-U.S. utilities, which also held off the market in anticipation that they could capitalize on lower global uranium prices had a U.S.-origin buying quota been placed on U.S. utilities, can now move forward with more normalized procurement plans.

Given the cuts to primary production over the past couple of years, today's uranium market is positioning itself to slowly return to a normal queuing event where prices will begin to more closely correlate to the marginal cost of uranium production. Additionally, the Kazakh production target for 2021 has recently been curtailed and this could extend out beyond 2021 if market conditions do not improve.

As more primary production is cut or pushed into the future, more utilities and suppliers will purchase available secondary supplies, thus helping to eliminate excess material and place upward pressure on the spot price. This spot price increase could be further enhanced by traders and financial players attempting to get ahead of the next round of contracting activity. Long-term legacy contracts continue to expire, so utilities may soon be focusing on securing new replacement term contracts.

Although reactor requirements are rather flat through 2025, there is significant growth over the 2026 through 2035 period that will necessitate new production. Furthermore, there are a handful of uranium projects whose resources will be exhausted by 2025. In addition to transitioning to a more production-driven market, a large percentage of production exists in regions of the world with higher geopolitical risk, making the market vulnerable to future disruptions and price volatility.

The UxC Uranium Market Outlook (UMO) report is designed to examine developments and discern trends in the market, including the likely future course of prices under different scenarios. The entire report is updated quarterly so that subscribers have the most current information and analyses on which to base their decisions. Updates of leading market indicators are also provided on a monthly basis so you are never too out of touch with the market.

A table of contents from a previous report has been provided for your review.

Special Issue Offer

Each quarter, UxC releases a new Uranium Market Outlook (UMO) that contains detailed up-to-date analysis on the uranium market. UxC makes available any individual report for sale as a stand alone report. In each UMO, topical essays are devoted to topics such as current market developments, major market events, and long-term market trends.

This quarter's essay, “Enrichment Market Implications for Uranium” discusses the latest trends in the enrichment market, which has experienced an increase in prices and a tightening of fundamentals. We examine how these developments have caused UxC to adjust its tails assay assumptions to forecast future uranium demand as well as reduce its estimates of uranium sales from enrichers through their under-feeding activities.

UxC makes this quarter's UMO available as a special single report order at a rate of US$5,000.00. An online order form has been provided.

Please note that this special offer only covers this quarter's UMO report. It does not include services associated with a full year's subscription as discussed below: such as three additional quarterly reports, the monthly leading spot price indicator updates, and access to UxC's Subscriber Services website.

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The *Uranium Market Outlook* is a quarterly report on the uranium market that examines recent and prospective spot and long-term contract market activity, supply and demand trends, supplier developments, and the outlook for prices over the short and long term. The UMO also includes a topical essay on important developments that are shaping the market and detailed findings from UxC’s proprietary indicator system that analyzes trends in key factors influencing future prices. UxC also includes uranium demand forecasts based on the proprietary UxC Requirements Model (URM). Please see our product flier in Adobe Acrobat PDF format.

### Standard Features

- An executive summary is provided with a concise overview of the current market situation. The executive summary is also e-mailed to subscribers.
- **Chapter 1** contains a topical essay that addresses key events and their potential impact on the market. Examples of past essays are listed here.
- In **Chapter 2 - Recent Contracting Review**, recent spot and long-term market activity over the previous quarter is reviewed, and current contract terms and conditions are summarized.
- **Chapter 3 - Requirements and Demand Outlook** looks at recent developments affecting reactor requirements in the world's regional markets, along with a review of requirements forecasts. An updated view on uncovered utility reactor requirements is also presented. This section also examines the spot demand outlook over the next three years and the long-term contract demand outlook over the next 12 months.
- **Chapter 4 - Production and Supply Outlook** reviews recent production developments worldwide and the current status of major world projects. Also examined are secondary supplies projected to influence the market over the forecast period.
- Following the production and supply chapter is **Chapter 5 - Near-Term Technical Analysis & Spot Market Indicators**, which presents a technical analysis of near-term price movements and a detailed update of the long-term spot price indicators, designed by UxC to quantify market factors that are affecting price outlook two years forward. Included with a subscription to the quarterly report are monthly updates of UxC’s near-term price indicators, a predictive tool used to gauge potential spot movements two to three months forward.
- In the final chapter of this report, **Chapter 6 - Market Outlook and Price Forecast**, the market is analyzed in terms of a one-year and intermediate-term perspectives, and forecasts are presented for the spot price and long-term base price through 2035. The near-term availability of supply by price, market trends, and bullish and bearish arguments for price movements are also presented in this chapter.
- The report contains two appendices. The first appendix, **Appendix A - Forecasting Methodology**, details the various methodologies used in this report to forecast price, supply, demand, and market price indicators. The second appendix, **Appendix B - Statistical Review**, contains tables and figures that provide additional and expanded data to those presented in the body of the report.

### Who should read this report

- Fuel buyers
- Policy makers
- Producers
- Investors

For additional information, please contact:
Eric Webb • +1 (770) 642-7745