Uranium prices continued to trend higher in 2020 as inventories were drawn down at an accelerated pace due to lower global uranium production stemming from the COVID-19 pandemic. Global uranium production fell to 123 million pounds U3O8 in 2020, its lowest level since 2008, with commercial inventory drawdown/sales and enricher underfeeding/tails re-enrichment filling much of the void between primary production and demand.

Producer and intermediary buying set a record in 2020, as these two groups accounted for 80% of spot volume, which helped push the spot price to as high as $34 in late May before retreating to the $30 level in the second half of 2020 as production began to normalize.

In October 2020, the U.S. and Russia signed the Russian Suspension Agreement amendment, which will lower Russian export limits to U.S. utilities over time, with the EUP limit slipping significantly beyond 2021. Due to the lower export limits, U.S. utilities now must manage a new wrinkle when it comes to future term contracting.

Given cuts to primary production and inventory optimization by utilities and producers, the uranium market is expected to slowly become more production-driven, where prices more closely correlate to the marginal cost of uranium production. Additionally, Kazakhstan production targets for 2021 and 2022 will remain 20% below planned levels authorized under the Subsoil Use Contracts for individual projects.

To the extent that today’s uranium prices do not incent producers to increase production levels, utilities and suppliers will continue to purchase available secondary supplies, thus further reducing excess material and placing upward pressure on spot prices. This price increase could be further enhanced by traders and financial players attempting to get ahead of the next cycle of contracting activity.

Although reactor requirements are rather flat through 2025, there is significant demand growth from 2026 to 2035 that will necessitate new production as resources are exhausted at several uranium projects. In addition to transitioning to a production-driven market, a large percentage of production exists in regions of the world with high geopolitical risk, which makes 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 uranium market, including the likely future course of prices under different scenarios. The entire report is updated quarterly to provide subscribers with the latest 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, "The U.S. Government's Role in the Uranium Market," reviews the changing role that the U.S. government has had in the uranium market over the past eight decades and examines how the U.S. government is likely to influence the market going forward.

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.

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

© UxC