Uranium US$24.15/lb vs US$23.75/lb yesterday

- The global uranium market received a boost as Canada's Cameco Corp. announced extension of the shutdown of one of the world's biggest uranium mines indefinitely, while workers have been fired in great numbers until a global supply glut eases. The decision was made in light of growing uncertainty in Cameco's biggest market as US President Donald Trump threatens to extend broad metal tariffs to uranium imports.
- The company expects to fire approximately 550 employees at site and eliminate another 150 positions at its corporate headquarters, incurring severance costs of as much as C$45m ($35m). "We have not seen the improvement needed in the uranium market to restart McArthur River and Key Lake", noted CEO Tim Gitzel, "this means we will extend the suspension of production at McArthur River and Key Lake for an indeterminate duration".
- Cameco had initially said last November that it was suspending operations at its flagship mine in Saskatchewan for 10 months beginning at the end of January -- a move that removed 13.7mlbs of production and represented 9% of forecast global supply in 2018, according to analyst figures. The move was expected to help overcome significant uranium glut that has weighed on the industry since the Fukushima disaster in 2011 led to the shuttering of Japan's nuclear reactors and reassessment of nuclear power worldwide.
- That's given an advantage to uranium buyers, who have tried to avoid locking themselves into long-term supply contracts at prices above those in a depressed spot market. "This news is unprecedented but also somewhat expected as Cameco continues to take the lead in shutting down unprofitable production…it is a clear sign that the spot uranium price is well below the real cost of mine production", according to Cormark Securities analyst.
- Uranium advanced 1.7% to $24.15 a pound on Wednesday on the New York Mercantile Exchange, the highest close since December. The fuel has averaged about $22.30 this year. Analysis points towards near-term prices around $28-30/lb helped by the removal of production.
- Kazakhstan, the world's largest uranium miner, will support prices at current levels and is ready to cut production again if the market were to fall any further, Kazakh Energy Minister Kanat Bozumbayev said in June.
- According to data compiled by Katusa Research, the global uranium demand is projected to grow to 190mlbs per year until 2020 and to 220mlbs by 2030, while growing at a CAGR of 20% in 15 years.

- The increasing demand is driven by industries and households transitioning to an inexpensive and environmentally efficient energy alternative.
- The usage of nuclear energy has been increasing, and uranium prices were trading at $25/lb at the end of 2017, but Katusa projects prices to increase by 20% to $30/lb in 2018.