

U.S. nuclear power generation at historical heights as investors buy uranium

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There has been a lot of talks lately about fossil fuel energy source prices rising, particularly coal and gas prices. But did you know that uranium prices are up 64% since the August low, and are now at US\$47.20/lb?

Uranium prices are up 64% from the August 16, 2021 low (as on 18 October 2021)



Source: [Trading economics](#)

The reason uranium prices are rising is that supply has reduced and demand is reviving with an upward trajectory.

Uranium supply

In 2020, [~46Mlbs or](#) ~35% of global supply of uranium production (annualized), was suspended due to low prices. Kazatomprom, the world's largest uranium miner, announced a 20% reduction in production into 2023. Cameco shuttered McArthur River and (largest in Canada) Cigar Lake mines, and there are [several others](#). Meanwhile, U.S uranium production is non-existent, or as Ur-Energy [states](#): "2020 – 2021Q2: U.S. uranium production continues to be so low EIA unable to report due to commitments of confidentiality."

EIA report: 2020 U.S. mined production negligible – too low to be reported



Source: [UR-Energy company presentation](#)

Uranium demand

Demand has remained strong and has recently been boosted by some serious market speculators. The one that grabs the headlines most is the [Sprott Physical Uranium Trust](#) which has been buying up millions of pounds of uranium. Of course, the regular buyers are the utilities that own and operate nuclear reactors and want to secure supply.

World and U.S. nuclear power generation has recovered from a 2011 post-Fukushima contraction and is near historical peak generation levels



Source: [Western Uranium & Vanadium company presentation](#)

While higher prices ultimately encourage supply to come back on, it appears there is no rush for uranium producers to ramp up to large volumes and swamp the market; especially as they are now enjoying the windfall of higher prices after 5 years of very low prices. Many are finding that distressed inventory has become an asset as market pricing exceeds production costs.

Uranium is forecast to be in deficit each year to 2025



Source: [Western Uranium & Vanadium company presentation \(courtesy Canaccord Genuity estimates\)](#)

3 leading U.S uranium producers

[Energy Fuels Inc.](#) (NYSE American: UUUU | TSX: EFR) has been

building uranium inventory while diversifying into [rare earths production](#). The Company has significant capacity to quickly increase low-cost U.S. uranium production from proven assets and has more production facilities, capacity & experience than any other U.S. company.

[Ur-Energy Inc.](#) (NYSE American: URG | TSX: URE) is among the top two U.S. uranium producers and is a global low cost uranium producer. Ur-Energy operates the Lost Creek in-situ recovery uranium facility in south-central Wyoming, USA.

[Western Uranium & Vanadium Corp.](#) (CSE: WUC | OTCQX: WSTRF) own the Sunday Mine Complex, which is now back in pre-production development. On October 12, 2021 the Company [stated](#): "Active mine development operations have resumed at the Sunday Mine Complex, and the project is already producing strong results.....The ore body is projected to be significantly larger than indicated by the previous limited surface drilling. Development ore is being stockpiled underground. Full production of the GMG ore body can begin with the improvement of market conditions and after development operations are completed within six months."

Closing remarks

The leading U.S. uranium miners (as mentioned above) have seen significant stock price increases over the past year as uranium prices rose on the back of a growing uranium deficit.

Looking ahead the US uranium producers are well placed to benefit from the Biden policies that are becoming aware of the importance of smart nuclear power generation and of building a significant uranium reserve. After all, key parts of the U.S. military and about 20% of U.S. electricity rely totally on nuclear and hence uranium. Today, the U.S. imports 95% of its annualized uranium demand. There is a need to ramp up domestic

and North American production if the more than 100 U.S. based civilian nuclear power reactors are to remain in service without interruption by geopolitical factors.

Meanwhile Europe, other than France, which gets 80% of its electric power from nuclear, and Asia are learning they also need a stable source of base load power that is not carbon based. As we approach the COP26 climate summit on November 1, the future of nuclear and uranium has never looked better.