FINANCIAL NEWS, ANALYSIS & DATA

Uranium Week: 2025 Starts With A Price Pop

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Uranium spot prices remained volatile into the end of 2024 with ongoing cost pressures and geo-politics hanging over buyers, sellers and producers.

-U308 spot prices buoyed at end of 2024
-Ongoing geo-political tensions in uranium sector
-Australian uranium producers set to report quarterlies

By Danielle Ecuyer

As a brief recap, FNArena's last 2024 update for uranium (December 24) detailed softness in the spot price.

"The TradeTech U3O8 spot price fell last week, dropping by -US$4.50/lb to US$72/lb, registering a decline of -13% in the last five weeks and down -20% over the last year."

See https://fnarena.com/index.php/2024/12/24/uranium-week-no-ho-ho-ho-in-u308-spot-market/ for more details.

How did 2024 end?

Rounding up 2024, industry consultants TradeTech noted the U3O8 spot price rallied over the last four trading days of the year to US$73.50/lb on December 31, after falling below US$70/lb earlier in the month for the first time since October 2023.

This compares to TradeTech's November 30 spot price indicator at US$77.25/lb. The imbalance between sellers seeking to shift supply at year-end was alleviated into December's close. TradeTech highlighted a clearance of the seller's supply overhang, which had previously underpinned price discounting earlier in the month.

This resulted in less supply being offered and buyers stepping into the market to capitalise on lower prices, aiming to capture the bottom of the market. TradeTech noted over 1.1mlbs of U3O8 traded between December 23 and December 31.

Four transactions were concluded on the last day at prices ranging from US$73/lb to US$73.50/lb, with the final transaction for 200klbs set for January delivery to Cameco's Canadian facility.

The Mid-Term Price Indicator as of December 31 was US$78/lb, compared to US$83/lb on November 30.

The Long-Term Price Indicator remained steady at US$82/lb.

Over 2024, TradeTech's monthly U3O8 spot price indicator fell -19.2%, with an average monthly decline of -1.6%.

In the final three months of 2024, 74 transactions totalling 8.5mlbs of U3O8 were concluded. The average exchange value for 2024 was US$85.50/lb, compared to US$62.89/lb in 2023, representing a rise of almost 36%.

The monthly cost indicator rose 5.4% to US$58.40/lb in December 2024 from US$55.40/lb in 2023, the highest level since the consultant started publishing its industry cost indicator in April 2020.

One observation made is a shift away by sellers to commit to long-term fixed price contracts that do not sufficiently address future production costs.

Buyers are increasingly willing to pay higher prices for uranium from geopolitically less risky areas.

The 2024 nuclear energy market was shaped by three themes: demand for net-zero energy as part of the energy transition, rising energy demand from AI-related projects including data centres for hyperscalers like Amazon, Microsoft, and Google, and trade restrictions between the US and Russia reflecting growing geopolitical tensions around reliable uranium supplies.

2025 kicks off with more of the same

As 2025 begins, the TradeTech U3O8 spot price indicator remains volatile, exacerbated by Cameco's announcement of a production suspension at its Inkai joint venture with Kazatomprom, effective January 1, due to a delay in required documentation from Kazakhstan's Ministry of Energy.

While the issue is expected to resolve soon, the first week of 2025 saw the TradeTech spot price indicator rally by US$5.50 to US$76.50/lb (week ending January 3) with 800,000 pounds of U3O8 traded.

For the week ending January 10, the spot price retreated to US$74/lb, down -US$2/lb, with eight transactions recorded. Prices ranged from US$72/lb to US$71.50/lb, ending with a 50,000-pound transaction at US$74/lb for April delivery.

The Mid-Term Price Indicator came in at US$78/lb, and the Long-Term Price Indicator is US$82/lb.

In 2025, TradeTech expects term demand to fluctuate amid unpredictable government policies, though secular demand from AI-related projects and net-zero emissions goals will likely underpin renewed appetite for securing future uranium supply.

Paladin and Boss Energy in focus

Bell Potter expects Paladin Energy ((PDN)) to announce 2Q25 results on January 22, forecasting Langer Heinrich production of 0.54mlbs, reflecting growth of 15% versus 1Q25 when production issues were encountered.

The broker views the resolution of the Fission acquisition in December as positive for sentiment but highlights resolving Langer Heinrich production issues remains ongoing.

Downside price volatility in December and deferred supply-side investment decisions, such as by Deep Yellow, increase the potential for uranium supply shortages.

The Buy rating is retained, and the target price is raised to $10.50 from $9.70, following changes to production estimates. FY25 earnings forecasts are lowered due to weaker-than-expected December uranium prices.

Boss Energy ((BOE)) is due to report 2Q25 results on January 29 and Bell Potter forecasts Honeymoon production of 150klbs, reflecting a rise of 67% on the previous quarter.

Column 1 is expected to operate at full capacity, with column 2 at an average of 29% for the quarter. Costs are estimated at US$69.71/lb and forecast to decline to US$62/lb in 2H25 as columns 2 and 3 ramp up.

The broker retains a Buy rating with a target price of $4.70. Earnings forecasts are adjusted for weaker December uranium prices and changes to forex rates.

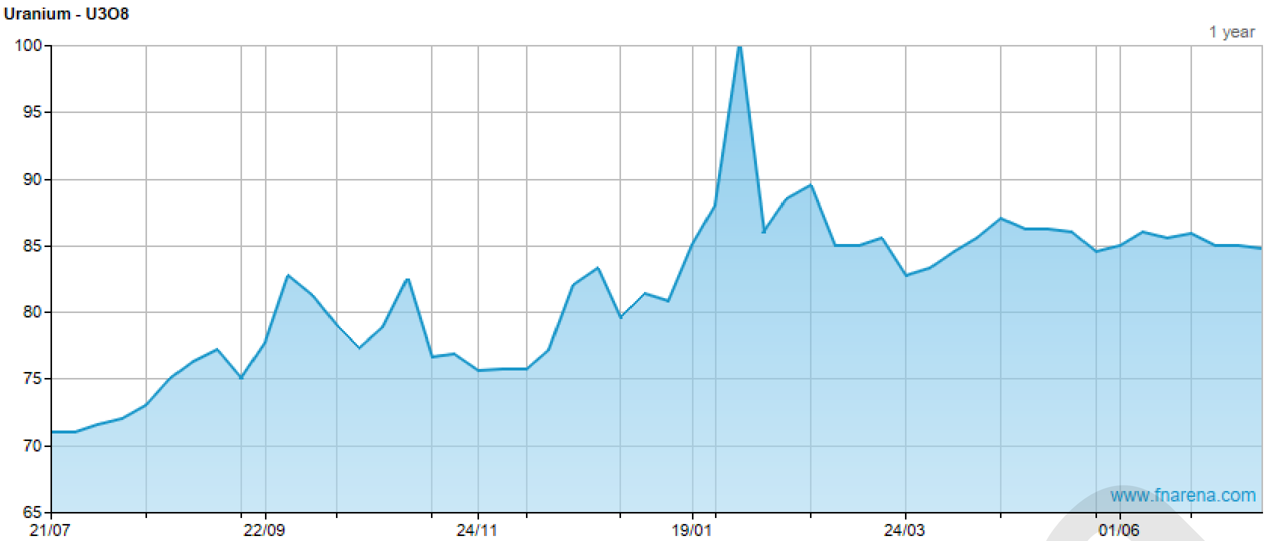
UBS also published its sector preview, looking for better clarity on whether water-related production issues have eased at Paladin's Langer Heinrich operation, while curious to receive more insights from Boss Energy on costs and capex.

UBS is not as enthusiastic about this year's outlook for uranium as supply growth is projected to outpace demand, but the broker also notes unexpected supply disruption coming from Inkai, which, yet again, highlights how quickly the situation can change for a commodity with relatively concentrated sources for supply.

This broker plans to update its insights and projections at upcoming industry gatherings and meetings.

Uranium companies listed on the ASX:

ASX CODE	DATE	LAST PRICE	WEEKLY % MOVE	52WK HIGH	52WK LOW	P/E	CONSENSUS TARGET	UPSIDE/DOWNSIDE
1AE	13/01/2025	0.0700	▲16.67%	$0.19	$0.03			
AEE	13/01/2025	0.1400	▼-10.00%	$0.31	$0.11			
AGE	13/01/2025	0.0400	▼- 5.13%	$0.08	$0.03		$0.100	▲150.0%
AKN	13/01/2025	0.0100	0.00%	$0.05	$0.01			
ASN	13/01/2025	0.0700	0.00%	$0.17	$0.05			
BKY	13/01/2025	0.3400	▼- 9.46%	$0.45	$0.27			
BMN	13/01/2025	3.1300	▼-10.65%	$4.87	$1.90		$7.400	▲136.4%
BOE	13/01/2025	2.7400	▼- 6.45%	$6.12	$2.21	26.0	$3.825	▲39.6%
BSN	13/01/2025	0.0170	0.00%	$0.21	$0.02			
C29	13/01/2025	0.0300	0.00%	$0.13	$0.03			
CXO	13/01/2025	0.0900	▼- 3.33%	$0.26	$0.08		$0.090	
CXU	13/01/2025	0.0100	▼-50.00%	$0.06	$0.01			
DEV	13/01/2025	0.0800	▲ 4.82%	$0.45	$0.08			
DYL	13/01/2025	1.2500	▼- 7.81%	$1.83	$0.91			
EL8	13/01/2025	0.2800	▼-12.90%	$0.68	$0.23			
ERA	13/01/2025	0.0030	0.00%	$0.08	$0.00			
GLA	13/01/2025	0.0100	0.00%	$0.04	$0.01			
GTR	13/01/2025	0.0030	0.00%	$0.01	$0.00			
GUE	13/01/2025	0.0800	0.00%	$0.18	$0.05			
HAR	13/01/2025	0.0400	0.00%	$0.28	$0.03			
I88	13/01/2025	0.5600	▼- 8.06%	$1.03	$0.14			
KOB	13/01/2025	0.0700	▼-12.50%	$0.18	$0.07			
LAM	13/01/2025	0.7000	▼- 6.00%	$1.04	$0.48			
LOT	13/01/2025	0.2200	▼- 4.35%	$0.49	$0.17		$0.547	▲148.5%
MEU	13/01/2025	0.0500	▲ 4.44%	$0.06	$0.04			
NXG	13/01/2025	10.9200	▼- 9.53%	$13.66	$7.89		$16.600	▲52.0%
OAR	13/01/2025	0.0400	0.00%	$0.04	$0.01			
ORP	13/01/2025	0.0400	0.00%	$0.12	$0.03			
PDN	13/01/2025	8.3200	▼- 4.99%	$17.98	$6.83	45.6	$12.040	▲44.7%
PEN	13/01/2025	1.3800	▼- 5.49%	$2.90	$1.02		$4.800	▲247.8%
SLX	13/01/2025	5.9200	▼- 7.29%	$6.74	$3.35		$7.200	▲21.6%
TOE	13/01/2025	0.2200	▼- 4.44%	$0.70	$0.19			
WCN	13/01/2025	0.0200	▲ 5.88%	$0.03	$0.01			



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