

business

Slump dims uranium's spot price

The radioactive metal has fallen from a record \$138 a pound amid rising supplies and utilities' stockpiles.

By Yuriy Humber Bloomberg News

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New York - Uranium prices, which have slumped by a fifth in the past 10 weeks, may fall as low as \$95 a pound in the "next few months," said Troika Dialog, Russia's oldest investment bank.

The price of the radioactive metal for immediate delivery, also known as the spot price, dropped to \$110 a pound in the week ended Aug. 3, according to industry-pricing service Ux Consulting LLC. Nuclear-power generators are still reluctant buyers because they expect further declines, Denver-based consulting company TradeTech LLP said in a weekly market report.

"We see the price decline as a correction after the spot broke \$100 in April," Mikhail Stiskin, an analyst with Troika, said in the report published Wednesday. Stiskin said there hasn't been a "major" change in the price trend.

Uranium has dropped from a record \$138 a

pound in June amid rising supply and the use of stockpiles by utilities. A leak of radiation at the world's biggest atomic power plant in Japan on July 16 after a 6.8-magnitude earthquake has sparked concern over nuclear accidents. The U.S. Department of Energy's plan to sell 200 tons of stockpiles also depressed prices, Troika said.

"We expect price growth to resume in autumn, when the active purchasing season starts," Stiskin said. Troika reiterated its average uranium spot price forecast for this year of \$115 and \$140 for next year.

The extent of the drop in prices has caught some investors in uranium and miners of the metal by surprise, leading investment banks to revise their short-term targets while maintaining expectations of the price rising as high as \$200 a pound next year.

"I'm surprised it sold off this much this fast," said Yolanda Holtzee, a manger with ALCAP LLP, a Seattle-based fund with shares in uranium miners including Ottawa, Canada-based producer Ur-Energy Inc.

"It's more a lack of buyers at this point," Holtzee said.

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