



## Uranium Drops to Three-Month Low as Supply Expands (Update1)

By Yuriy Humber

Jan. 29 (Bloomberg) -- **Uranium** fell to a three-month low after Australia and Kazakhstan, two of the world's three-biggest producers, reported higher output.

Uranium oxide concentrate for immediate delivery was offered at \$78 a pound today, according to data from broker Tullet Prebon Plc. Uranium traded at \$84 last week and reached a record \$136 in June, according to Roswell, Georgia-based Ux Consulting Co.

Prices may drop further as investors ``unload material into a market characterized by little demand," Ux Consulting said in a report yesterday.

Australia increased uranium production by 13 percent last year to 10,145 metric tons, according to the Australian Uranium Association. Kazakhstan produced 6,637 tons in 2007, and plans to mine 45 percent more this year.

Supply for immediate delivery was 2.1 million pounds last week, compared with demand of 500,000 pounds, according to Denver-based pricing service TradeTech LLC.

``Short-term uranium demand is failing to grow in line with the expectations of the market," said **Max Layton**, an analyst with Macquarie Bank Ltd. in London.

Prices have also fallen on concern Russia will sign an agreement as early as this week to begin shipments to the U.S. from 2011, replacing a military agreement between the two countries that expires in five years.

``Uranium's cold," said **Yolanda Holtzee**, who manages Seattle-based Alcap LLP and has sold uranium to focus on other commodities. ``More supply coming on stream means lower pricing leverage."

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