

Starboard Weekly Report Ending July 7, 2017 Charts of the Week



This week's top chart Uranium Energy Corp (UEC) and the bottom chart Uranium stock ETF (URA) are this week's focus. Both monthly charts come from StockCharts.com

TECHNICAL

The commodity spot price of uranium is down from \$130 in 2008 to \$20 per pound currently. The uranium stock prices for the above highlighted ETF/URA are down from 2011 levels of \$80 to the present price of \$13.32. The URA only has a price history from its 2011 start but its main holding, Cameco Corp, was 20% higher in 2007 than 2011 so it is safe to assume that URA would have been worth \$100 in 2007 versus today's \$13.32. The UEC top chart is a recent purchase and it has a strong turnaround monthly chart pattern when compared with the URA, its peer group ETF. Please note UEC's selling price above the 30 month moving average versus URA being well below. The accompanying monthly CCI chart for UEC is showing a strong uptrend while URA does not. These divergences are an indication that UEC upside potential is ahead of other uranium companies.

FUNDAMENTAL

The demand for Uranium has been constant but should pick up as more emerging countries turn to nuclear energy to reduce carbon emissions. The reason for the long price decline in the commodity price is due to supply issues. Along with United States, Japan sold off a great deal of uranium. They are both responsible for creating a situation where nuclear utility buyers trade in the spot market rather than entering into long-term contracts. When uranium spot prices start to rise then this group will be chasing higher prices. The US has stopped selling from its uranium inventory based on the current administration's pro nuclear policy. Japan is also running out of uranium supply and may be looking to restart their nuclear power industry after the Fukushima disaster. On top of a dwindling supply, add next year's expected demand increase of 61% and we will be setting the stage for a uranium price explosion.

ASIDE

“As expanding economies continue to grow, the one source of energy that we can develop rapidly, cheaply and with next-to-no emissions is nuclear energy.” Craig Stevens, American Actor

Nuclear power capacity worldwide is increasing steadily with over 60 reactors under construction in 15 countries and they will all need a commodity that is currently in short supply: uranium.

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