



Why Uranium Stocks Fell Sharply on Thursday

Description

What happened?

The shares of some popular Canadian [uranium companies](#) fell sharply on Thursday, reversing their gains from the previous couple sessions. **Energy Fuels** ([TSX:EFR](#)), **Denison Mines** ([TSX:DML](#)) ([NYSE:DNN](#)), and **Nexgen Energy** ([TSX:NXE](#)) ([NYSE:NXE](#)) dived by nearly 9% each on January 6, making them some of the worst-performing stocks on the **TSX Composite** benchmark for the day. By comparison, the main Canadian stock market index ended the session with minor 0.2% gains.

So what?

Yesterday's sharp selloff in uranium stocks is worth noting, because most of these companies started the new year 2022 on a strong bullish note. For example, Denison Mines stock was trading with 14.4% year-to-date gains prior to Thursday's sharp decline. Similarly, the shares of Energy Fuels and Nexgen Energy had jumped by 13.4% and 12.1%, respectively, in the first couple of days of the year. In order to understand the recent uranium stocks selloff, we need to look at the key reason for their rally in the first two trading sessions of the year.

Kazakhstan has been going through a lot of turmoil for the last few days, as protests against the government led to violence in the country. It's important to note that Kazakhstan is the largest uranium producer globally, followed by Canada and Australia. That's why Kazakhstan unrest fueled investors' speculations about uranium supply disruptions, driving its prices and uranium stocks sharply higher earlier this year.

In contrast to investors' bets, **Kazatomprom** — the world's largest uranium miner based in Kazakhstan — [clarified](#) on Thursday that its mining operations and exports remain unaffected from the ongoing turmoil in the country. This update dimmed the possibility of the ongoing unrest's big negative impact on uranium supply, raising the possibility of a sharp pullback in uranium prices.

As the uranium prices are directly linked to the profitability of Canadian uranium companies like Energy

Fuels, Denison Mines, and Nexgen Energy, these latest updates drove their stocks lower on January 6.

Now what?

Most uranium stocks have seen a big rally lately because a surge in demand for clean energy has pushed uranium prices higher. That's the key reason why the shares of all three Canadian uranium companies I've mentioned in this article have seen well more than a 200% jump in the last couple of years.

While Kazakhstan unrest updates may keep these uranium stocks highly volatile in the coming sessions, their overall long-term growth outlook still remains solid with strong demand prospects.

CATEGORY

1. Investing
2. Metals and Mining Stocks

TICKERS GLOBAL

1. NYSEMKT:DNN (Denison Mines Corp.)
2. TSX:DML (Denison Mines Corp.)
3. TSX:EFR (Energy Fuels Inc.)
4. TSX:NXE (NexGen Energy Ltd.)

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