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## It's About Time

Over the years, uranium price reporting has gone through multiple evolutions reflecting a gradually maturing market. Some of the earlier changes consisted of price reporting moving from monthly, to weekly, to daily prices. Another path the market's evolution has taken involves the delivery time period of a spot transaction (with respect to reporting price), moving from a variable of up to 12 months, to a more defined window of within three months after contract conclusion. Furthermore, the introduction of commodity-style brokers also altered the market's evolution with the more formal bid/offer spread in a market that previously relied primarily on quoted offers. Today, we will take a look at yet another evolution along the uranium market's current path; the settlement time of the pricing indicator.

The question of the appropriate settlement time for the Ux U<sub>3</sub>O<sub>8</sub> Price<sup>®</sup> has long been pondered by UxC. In the March 6, 2017 edition of the Ux Weekly (Issue 31-10), we stated "Another idea that we are currently considering and about which we would like to receive feedback from our clients addresses the idea of creating a more specific timing window for spot uranium market activity as it relates to price settlement. On this note, we would point out to our readers that we already have a strict cut-off time on Mondays of 4:00 pm (U.S. eastern time) for all price data collection." For many years, UxC has gathered feedback from market participants to gauge their thoughts on the right settlement time.

Price reporting in the opaque uranium market has always been subject to a certain level of scrutiny from both insiders and outsiders alike. This has been especially true over the past year or so, when specific market activity has raised additional questions. As UxC Executive Vice President Eric Webb noted in his presentation at the June 2017 WNF in Budapest, UxC takes its role as a price reporter extremely seriously and collects and evaluates market conditions and associated industry feedback with respect to market activity and its impact on price reporting. Direct results of this pursuit have led to many transformations in price indicator reporting over the years. More recently, a question we receive quite often involves the best settlement timing to capture the necessary market activity to determine each pricing indicator.

Nuclear fuel has always been an international market. And over the past several years, there has been an increase in uranium market participants located outside of North America, particularly in Europe but also in Asia. This increased global participation is viewed nearly unanimously as very welcome for our market; however, there are still lingering questions regarding the level of liquidity, transparency, and various other market inefficiencies.

As an international market with multiple standardized delivery locations, there is no special timing window for the uranium market that will make all market participants happy. Still, this issue is not unique as all other energy and commodity markets have encountered timing issues. Over the years, many energy markets with standardized contracts, like oil, natural gas, and coal, have decided on a fixed settlement time of 2:30 pm Eastern Time in the U.S. to better address some of the timing issues involved in pricing these highly liquid markets. As with these markets, UxC has decided to shift its previous 4:00 pm cut-off time to 2:30 pm Eastern Time. This alteration to the settlement time has recently been discussed with many market participants, and the overall response was not only very supportive, but most agreed that a quick implementation was now appropriate. While today's April month-end Ux Price Indicators still use the 4:00 pm settlement time, the shift to the new 2:30 pm timing will start with the May 7, 2018 publication for all of UxC's nuclear fuel price indicators.

In addition, the daily reporting of the UxC Broker Average Price (BAP) will also shift its deadline from 4:00 pm to 2:30 pm starting tomorrow (May 1, 2018). As with the previous 4:00 pm deadline, the notification email to clients was scheduled for 4:20 pm to allow appropriate time for UxC's participating brokers (Evolution Markets and Numerco Limited) to verify and post their data. For a 2:30 pm Eastern Time deadline, the notification email will now be sent at 2:50 pm.

As with other markets, this change only impacts the timing of settlement for the Ux U<sub>3</sub>O<sub>8</sub> Price indicator and market activity can and will continue after that time. However, as the uranium market continues to mature, it is likely that more activity will start to occur at or near the settlement time. Furthermore, like other commodities, many market participants will likely adjust their activities to synch with the timing of the Market On Close (MOC).

The new, earlier pricing settlement time is designed to allow a wider swath of market participants from different regions of the world to engage in the market at a more reasonable hour. It also allows more time when many participants are still active to react to specific market movements after the settlement cut-off.

This change in the settlement time for the Ux Price Indicators is just another step in the process towards market maturation and is intended to increase market efficiency and confidence in UxC's price reporting accuracy. However, this specific change will not fix other issues that can only be addressed by more participation by all companies in reporting market activity. UxC has always encouraged participation by all companies with respect to reporting market activity and remains happy to discuss any of its reporting activities directly with market participants.

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