

Kazakhstan will continue to reduce uranium production.

Altynay Ibraimova — December 05, 2017

Yesterday NAC Kazatomprom, the world leader in the extraction of uranium, announced its intention to reduce planned uranium production by 20%, in order to better align its output with demand.

The scheduled cuts will be enacted for a period of three years commencing January 2018. In 2018, production in Kazakhstan is expected to decline by 4ths tonnes, which according to Kazatomprom corresponds to 7.5% of the projected world production in 2018. Together, over the three-year period, the Company expects the cut in production of about 11ths tons.

At the same time, the Company notes that the decision taken will not affect future commitments for the supply of uranium.

Our view

As we already wrote earlier in [our report](#), the reduction in uranium mining by Kazakhstan was expected. Measures to stabilize the uranium market are being undertaken by Kazakhstan, as the largest producer of uranium (more than 37% of world production), not for the first time. This year, Kazatomprom has already reduced uranium production by approximately 10%, which is 2ths tons of uranium and corresponds to 3% of the total world uranium production. Recall that after the announcement of plans to reduce in January this year, the price of uranium and Cameco shares for the day went up by 18%. Taking into account the retrospective reaction of the market, we refer the news of further decline in uranium production to short-term driver growth in Cameco shares. As the decision to cut production was expected by us, we maintain our BUY recommendation with 12M TP CAD14.39/share.

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Research	Department	Telephone	E-mail
Murat Temirkhanov	Head		m.temirkhanov@halykfinance.kz
Stanislav Chuyev	Deputy Head		s.chuyev@halykfinance.kz
Dmitriy Sheikin	Macroeconomics		d.sheikin@halykfinance.kz
Elmira Arnabekova	Macroeconomics		e.arnabekova@halykfinance.kz
Altnai Ibraimova	Equity		a.ibraimova@halykfinance.kz
Andrey Kozhokaru	Equity		a.kozhokaru@halykfinance.kz
Vladislav Turkin	Fixed income		v.turkin@halykfinance.kz

Sales	Department	Telephone	E-mail
Mariya Pan	Head		m.pan@halykfinance.kz
Dinara Asambayeva	Institutional investors		d.asambayeva@halykfinance.kz
Darya Maneyeva	Retail investors		d.maneyeva@halykfinance.kz
Shynar Zhakanova	Institutional investors		sh.zhakanova@halykfinance.kz
Sabina Mukanova	Retail investors		s.mukanova@halykfinance.kz

Halyk Finance

Abay av. 109 «B», 5th fl.
 Almaty, Kazakhstan, A05A1B4
 Tel: +7 727 357 31 77
www.halykfinance.kz

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HLFN
Thomson Reuters
 Halyk Finance
Factset
 Halyk Finance
Capital IQ
 Halyk Finance