

## Monthly Commentary 4<sup>th</sup> of June 2024

The US stock market had a strong May, with gains of 4.8% after the Federal Reserve’s preferred inflation gauge didn’t include any major surprises. In Europe, U.K. and Japan, equity markets ended the month flat to positive with the MSCI Euro Index up 1.36%, the FTSE 100 Index up 1.61% and the Nikkei 225 Index up 0.21%. Commodities (CRY Index) ended the month slightly lower (-0.45%) with mixed results from Gold, Silver and Oil. Oil retreated further in May (-6%). Silver continues to rally (up 15.65%) amid demand for its industrial use and gold continues to shine with gains of 1.8% for the month. The dollar index (DXY Index) corrected from its recent rally (-1.46%) while bitcoin had gains of 15.65%. Global bond prices ended lower.

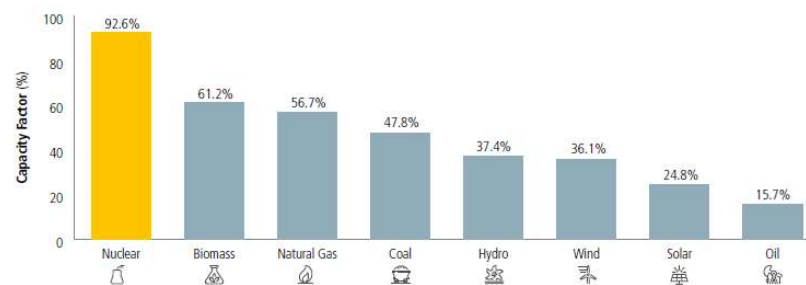
### The Case for Nuclear Power and Uranium

Climate change is driving the urgent need for carbon-free electricity. The clean energy transition means shifting electricity production away from sources that release significant greenhouse gases, such as fossil fuels, to those that release minimal greenhouse gases. Nuclear power, hydro, wind and solar are the primary clean energy sources. According to the International Atomic Energy Agency as of 12/31/2022, around 60% of the world’s electricity still comes from burning fossil fuels. In order to progress toward climate goals, particularly those outlined in the Paris Agreement, at least 80% of energy production will need to shift to low-carbon sources.

### Why Nuclear Power is the preferred source of energy going forward?

- 1. Nuclear Power is Reliable.** Nuclear energy has an incredibly high-capacity factor of more than 90%. The capacity factor is a way of measuring energy output relative to the installed infrastructure. This makes nuclear by far the most reliable source of energy.

Figure 4. Nuclear Energy Provides the Most Reliable Baseload

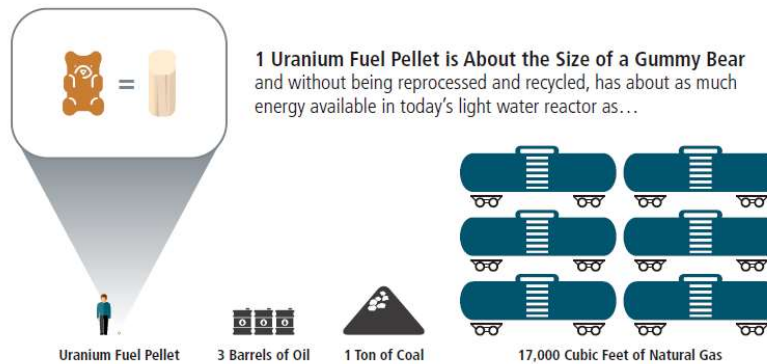


Note: Capacity factor measures the total amount of energy produced during a period of time divided by the amount of energy the plant would have produced at full capacity.  
 Source: U.S. Energy Information Administration and energy.gov. Data as of 12/31/2022. Included for illustrative purposes only. Past performance is no guarantee of future results.

- 2. Nuclear Power is Efficient.** One uranium fuel pellet, about the size of a gummy bear, is the energy equivalent of three barrels of oil, one ton of coal or 17,000 cubic feet of natural gas, according to the American Nuclear Association, as shown in Figure below.



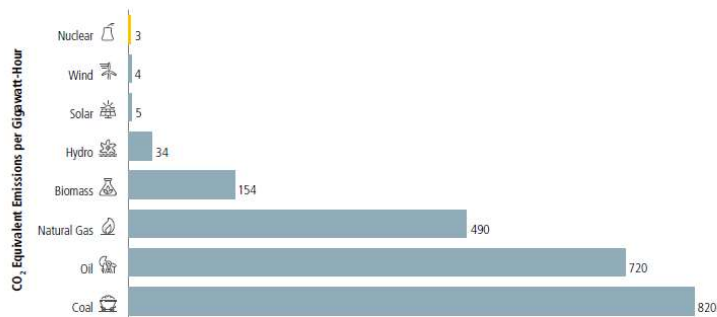
Figure 5. Nuclear Fuel Is Efficient



Source: American Nuclear Association. Included for illustrative purposes only.

**3. Nuclear Power is Clean.** Nuclear energy generates the lowest greenhouse gases of any power source.

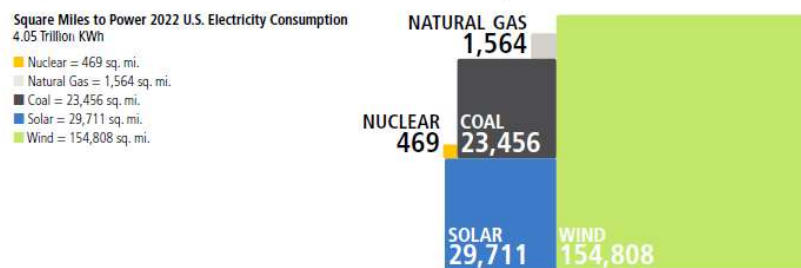
Figure 6. Nuclear Has the Lowest Full-Cycle Carbon Footprint



Source: <https://ourworldindata.org/nuclear-energy> as of 2021; measured in emissions of CO<sub>2</sub>-equivalent per gigawatt-hour of electricity over the life cycle of the power plant. Included for illustrative purposes only. Past performance is no guarantee of future results.

**4. Nuclear Uses Less Land:** Nuclear energy, compared to other energy sources, uses the least land relative to the amount of electricity that it generates, and it's not even close.

Figure 8. Nuclear Has the Lowest Land Footprint

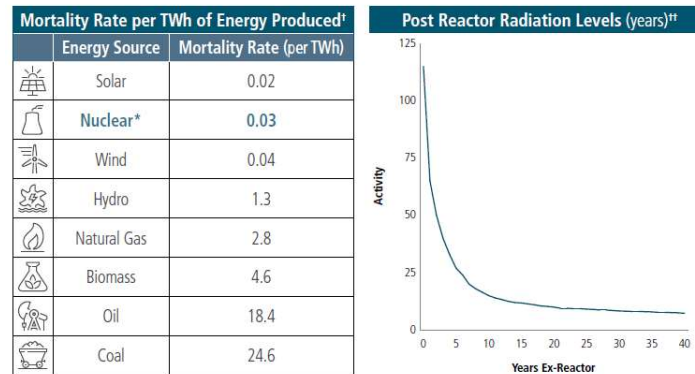


Source: <https://www.washingtonpost.com/climate-environment/interactive/2023/renewable-energy-land-use-wind-solar/> as of 5/10/2023. Included for illustrative purposes only.



**5. Nuclear Power is Safe.** A common perception of nuclear energy is that it's unsafe because of the risk of leaking radiation from reactors or spent fuel—but it is scientifically a far safer energy production method than fossil fuel sources. The mortality rate for the nuclear energy cycle is 0.03 per TWh (terawatt-hour), which includes Chernobyl and Fukushima, which is in line with renewables and about 821 times safer than coal.

Figure 7. Nuclear Operations and Waste Are Safe



Source: <https://ourworldindata.org/nuclear-energy> as of 2021. Included for illustrative purposes only.  
<sup>\*</sup> Death rate for nuclear energy includes deaths from Fukushima and Chernobyl disasters and the deaths from occupational accidents (largely mining and milling). Death rates from fossil fuels and biomass are based on state-of-the-art plants with pollution controls in Europe and are based on older models of the impacts of air pollution on health. This means these death rates are likely to be very conservative.  
<sup>†</sup> Markandya & Wilkinson (2007) in The Lancet, and Sovacool et al. (2016) in Journal of Cleaner Production.  
<sup>††</sup> Radioactivity.eu.

It is clear from the above, that Nuclear Power outmatches all other sources of energy for our future needs and governments around the world will have to embrace these attributes to make significant progress toward future decarbonization goals.

### Uranium Miners will benefit from this shift

The changing sentiment toward nuclear power is one element driving the first signs of a new uranium bull market.

- Currently uranium supply is not sufficient to meet the future demand. According to World Nuclear Association, the number of nuclear reactors is set to increase by 40% in the coming years. As of January 2024, 174 new reactors are under construction or planned for construction.
- Uranium miners represent a tiny share of the energy market today but may be poised to claim an increasing share going forward.

There is no uranium without mining, and we believe miners will continue to provide a strong foundation for the continued growth of uranium markets.

Since the beginning of this year, we have been investing in Sprott Uranium Miners ETF for our Best Ideas portfolios. Currently average gains are more than 35% on this investment.

The Elgin Analysts Team



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