Why the market's excitement around uranium is justified

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Key Takeaways

- The global nuclear renaissance is accelerating, but current capacity and investment plans remain well short of long-term targets.
- Uranium supply is already constrained and set to tighten further as mine depletion, long lead times and high incentive prices limit new production.
- This imbalance strengthens the long-term case for uranium and for producers positioned to benefit from rising prices and renewed investment.

Uranium is the fuel powering the nuclear renaissance, and recent market moves suggest investors are increasingly focused on its future prospects. At WisdomTree, we share this view given the strong fundamentals of this very energy-dense commodity.

This blog outlines why, despite strong advances over the past couple of years, the nuclear energy surge is only getting started and must go much further to meet global targets. It also presents the fundamental case for why uranium is emerging as such an attractive long-term investment.

How WisdomTree Uranium and Nuclear Energy UCITS ETF (NCLR) aims to capture the opportunity

The WisdomTree Uranium and Nuclear Energy UCITS ETF provides investors with access to the growth of uranium and nuclear energy.

Value chain approach:

The exchange-traded fund (ETF) targets the most value-accretive segments of the uranium and nuclear value chain, including those poised for growth as nuclear energy adoption accelerates. This value chain consists of:

- Upstream activities (60% weight): Uranium mining and the production of other raw materials for nuclear reactors.

- Midstream activities (25% weight): Companies involved in uranium conversion, enrichment, fuel fabrication, and storage, as well as those supplying critical infrastructure, equipment, and services to the nuclear industry.
- Innovators (15% weight): Developing advanced technologies such as small modular reactors and conducting research and development in fusion technology.

By investing across the nuclear value chain, investors gain exposure to established sectors like uranium mining and midstream companies that play a critical role in making uranium ready for reactors. The strategy also includes innovators driving next-generation nuclear technologies, such as small modular reactors and fusion research, both poised for significant growth.

Focus on purity:

Stock selection and weighting are based on revenue exposure to the uranium and nuclear energy value chain. Upstream companies must derive at least 50% of their revenue from the theme, while midstream companies require a minimum of 10%. This threshold accounts for their strategic role in the value chain while acknowledging their diversified business models. Weightings are adjusted in favour of companies with higher revenue exposure, subject to caps and liquidity requirements.

The nuclear renaissance has much further to go

Nuclear power is firmly back on the global energy agenda. Thirty-one countries have pledged to triple global nuclear capacity by 2050[1], while the United States has committed to quadrupling its capacity over the same period[2], reflecting the growing role of nuclear in energy security, decarbonisation and grid stability.

This push is increasingly reinforced by the private sector. Large technology companies with rapidly expanding data-centre footprints, including Microsoft, Google, Amazon and Meta, are striking long-term deals to secure nuclear power. These range from agreements linked to existing reactors to forward-looking commitments around small modular reactors, with deployments targeted for the early 2030s. For hyper-scalers, nuclear offers abundant, reliable baseload power with low emissions and long-term cost visibility, strengthening the structural case for sustained nuclear and uranium demand growth.

Figure 1: Total operable reactor net capacity (MWe)

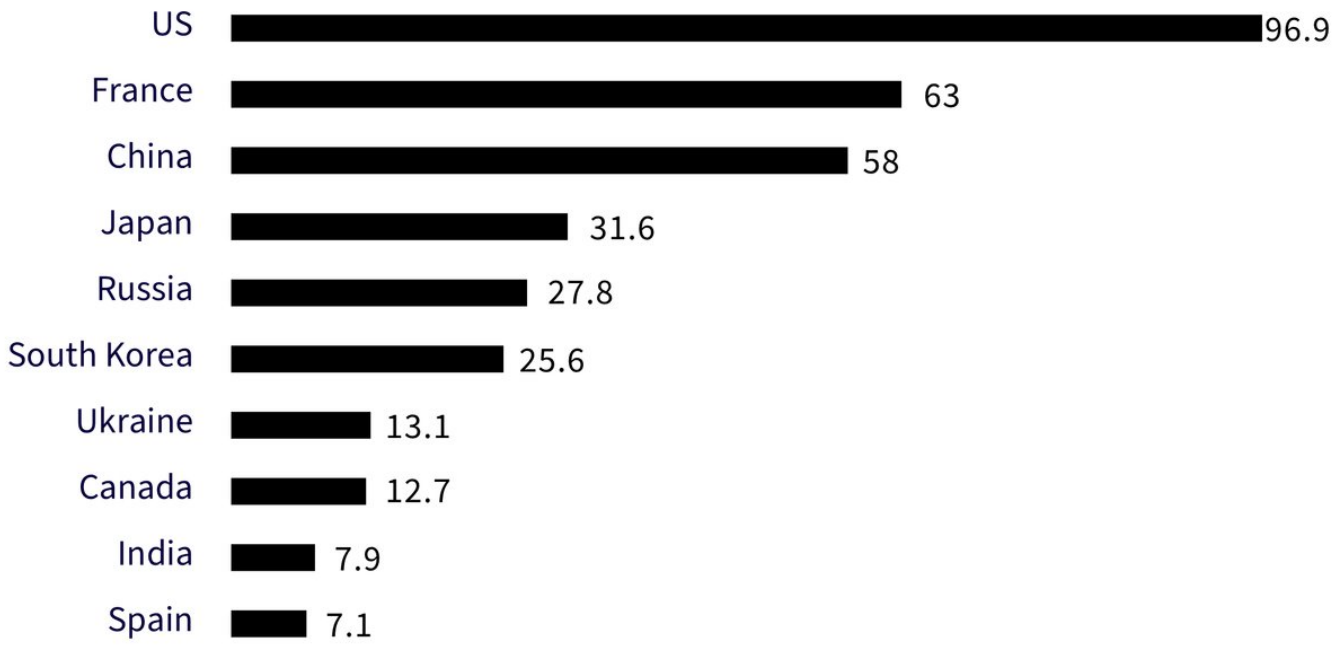
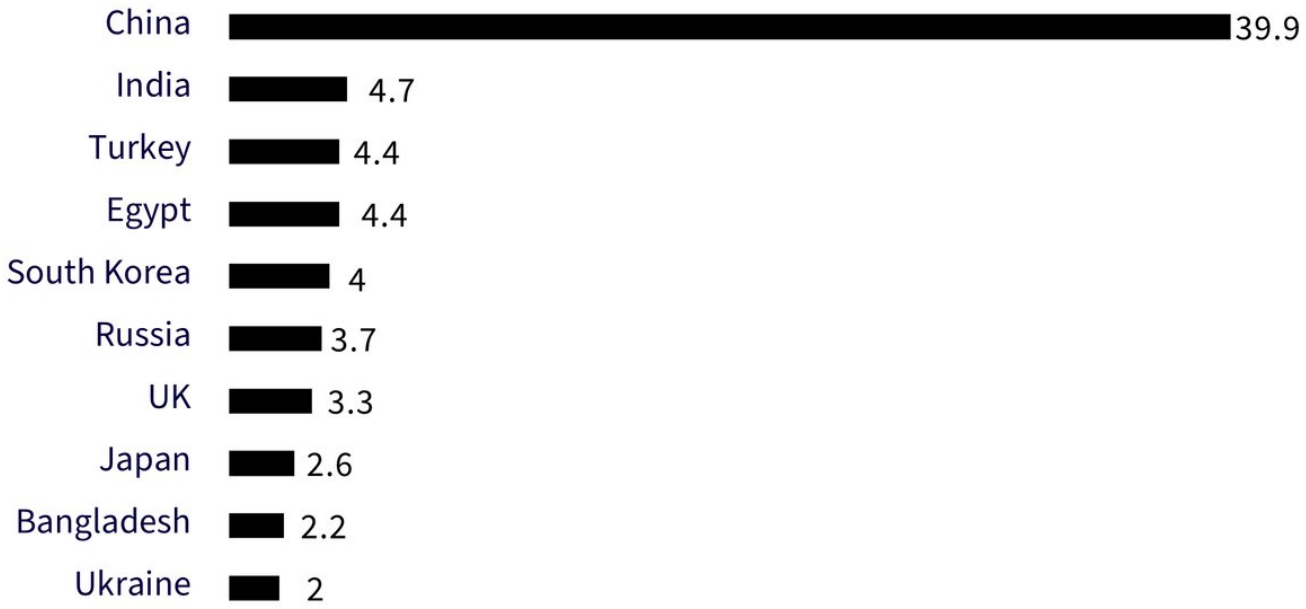


Figure 2: Reactor capacity under construction (MWe)



Source: World Nuclear Association, January 2026.

Having said that, the current pipeline of new nuclear capacity remains far short of what is required to meet global targets. The world currently has 436 operable reactors, with just 74 under construction, 38 of which are in China[3]. The charts above compare existing nuclear capacity with capacity under construction.

At WisdomTree, we believe these ambitious nuclear capacity targets are only just beginning to translate into real commercial commitments, and markets have yet to fully price in what this implies for uranium and the broader nuclear value chain. A clear example came on 27 October 2025, when the US government, Brookfield and Cameco announced a strategic partnership centred on Westinghouse reactor technology. The agreement envisages at least $80 billion of new nuclear build across the United States, positioning nuclear as a core pillar of both energy security and artificial intelligence (AI) infrastructure.

What stood out was the market reaction. Cameco's share price rose by nearly 24% the following day[4], a reminder that large, credible nuclear developments can still catch investors by surprise. Similar dynamics were evident in early January 2026, when Centrus Energy rallied following US government support for the domestic uranium fuel supply chain. Together, these examples highlight how policy ambition can rapidly translate into earnings-relevant outcomes for companies exposed to critical parts of the nuclear ecosystem.

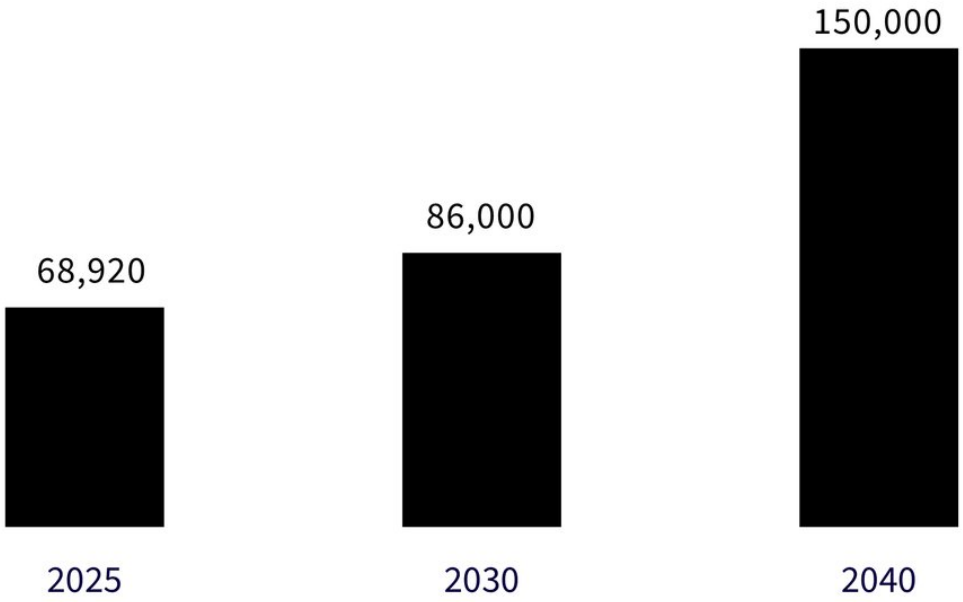
Uranium is expected to be undersupplied meaningfully

Global uranium demand is rising as nuclear capacity expands, while supply dynamics are becoming increasingly constrained. Reactor demand is projected to grow steadily through the next decade, yet current production already falls short.

In 2025, global uranium production is estimated at around 60,000 tonnes[5], below current reactor requirements. Looking ahead, supply pressures intensify as production from existing mines is expected to decline materially between 2030 and 2040 due to depletion of mature assets, with some estimates suggesting output could halve without new investment.

New supply is slow to respond. Uranium mines can take up to 16 years to bring into production[6], and incentive prices required to unlock new projects are believed to be well above current levels. While estimates vary, some place the incentive price in the $125–$150 per pound range[7]. Uranium is trading at around $87 per pound following a dip, as of 05 February 20268, highlighting the gap between current pricing and the level needed to meaningfully expand supply.

Figure 3: Global reactor demand for uranium (tonnes)



Source: World Nuclear Association Nuclear Fuel Report 2025. **Forecasts are not an indicator of future performance and any investments are subject to risks and uncertainties.**

Why this matters

Uranium is the essential fuel underpinning nuclear energy, a sector seeing renewed and accelerating demand from both governments and the private sector. With global nuclear capacity set to expand meaningfully over the coming decades, uranium demand is rising at a time when supply is already constrained and expected to tighten further.

This structural imbalance points to a market likely to remain in undersupply, increasing the probability of higher incentive prices over time. For uranium producers, rising prices can translate into improving margins, stronger cash flows and increased earnings visibility as new investment is required to bring supply online. In this environment, long-term fundamentals support the strategic case for exposure not only to uranium itself, but also to miners positioned across the nuclear fuel cycle to benefit from a sustained supply response.

[1] At the United Nations Climate Change Conference (COP) in 2024.
[2] President Trump's executive orders of May 2025.
[3] World Nuclear Association, February 2026.
[4] Bloomberg, October 2025.
[5] Uranium Insider, 2025.
[6] Yellow Cake, 2025.
[7] Nucnet.org, Financial Times, 2025.
[8] Trading Economics.

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