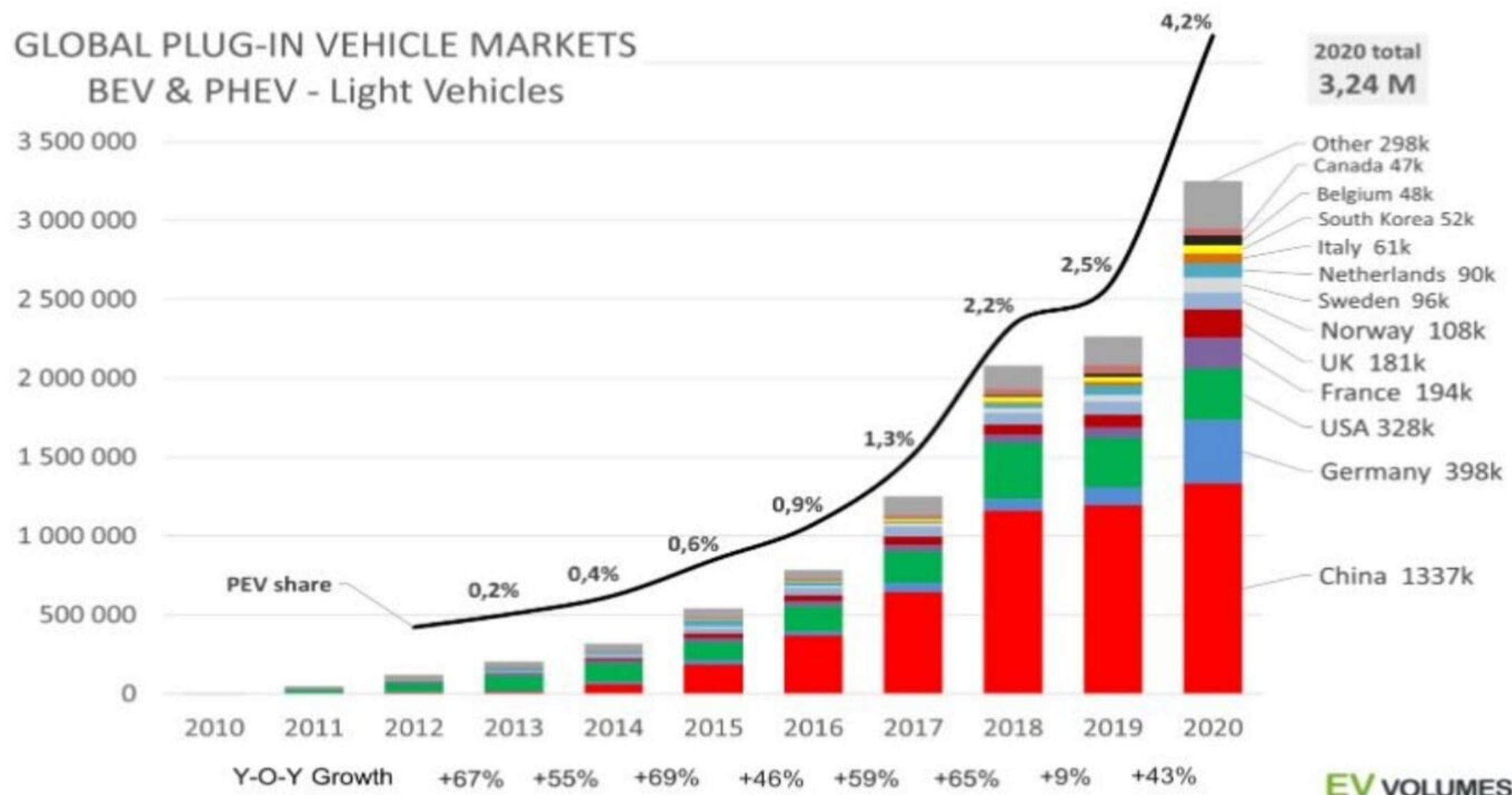


China is taking the lead in EV growth

The coronavirus-hit 2020 did not slow China in taking the lead for EV adoptions and accounted almost 41% of the global shares, as shown in the graph below.



Source: EV volumes

Dwindling supply for Cobalt

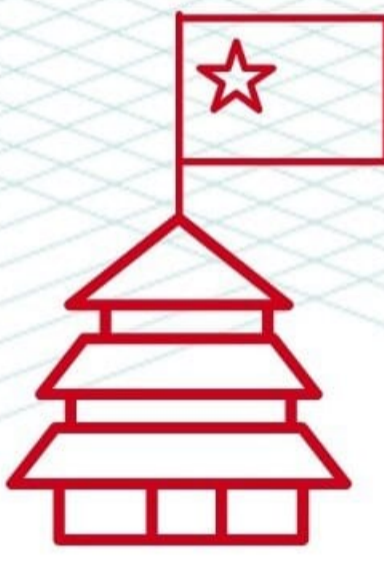
With the rises of EV and smartphone markets, the demand for cobalt is expected to double by 2030, according to Roskill. However, the production of the 'blue metal' is affected by the coronavirus pandemic.



First production decline in 4 years

Global refined cobalt production is expected to fall by 5% on-year in 2020 at 130,000 mt, which would mark the first decrease in global production since 2016, according to Roskill.

China expands refined capacity



Global total refined capacity is expected to grow by more than 10% in 2020, with almost all from China.



Congo tops in cobalt output

Democratic Republic of the Congo remains the largest producers of cobalt and accounts around 60% of the world's output.

Recently, the country saw lots of Chinese investments like China Molybdenum in the acquisition of copper-cobalt mine.

First mover advantage in paper market for FIS

Given the volatility of the cobalt market, Freight Investor Services (FIS) completed the first brokered trade of the CME Group's cash-settled cobalt futures contract on Thursday, January 7, 2021.

First brokered cobalt trade on CME

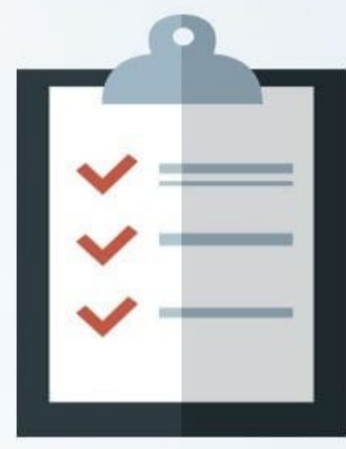


The first paper contract traded 5 lots for each month of the February-April 2021 period at \$16.75 per lb.

Tied in with Fastmarket



The first cobalt futures contract used Fastmarkets' daily benchmark price assessment for the metal.



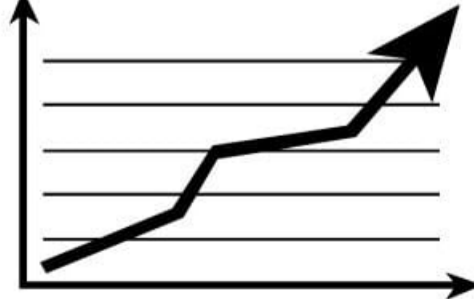
Managing price risks

The paper contract allows hedging, better liquidity and easier pricing model for the commodity amid market volatility.

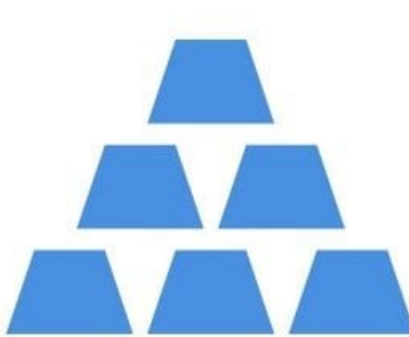
Higher average price for 2021

Given the supply tightness and high potential demand of the cobalt, the price forecast for the commodity is generally positive this year.

Average price of \$18-\$20 per lb



Cobalt prices are expected to trade between US\$18-US\$20 per lb. in 2021, up from an average of US\$16 per lb. in 2020, based on Roskill's forecast.



China's stockpiling of cobalt

Cobalt prices are slated to grow higher due to the stockpiling of cobalt by China's State Reserve Bureau, which may cause supply tightness in the market.



The Push for 5G

The rapid roll-out of 5G technology, particularly in China, will create new growth potential for the mobile electronics industry from 2021 onwards.