



## Record High Volume on Lithium Hydroxide:

### The Reasons Behind the Surge

Lithium hydroxide, a key component in the production of lithium-ion batteries, has recently reached record high volumes. To put things in perspective, figures show that the market cleared volume at the end of March 2024 was higher than the total volume of 2023.

In particular, 2024 has been a record year for Lithium Hydroxide, which has registered a groundbreaking +1600% in volume in the period from January to June on CME in comparison to last year. If the growth continues at this trend, we expect the market to reach the 100.000 cleared lot threshold before the end of 2024.

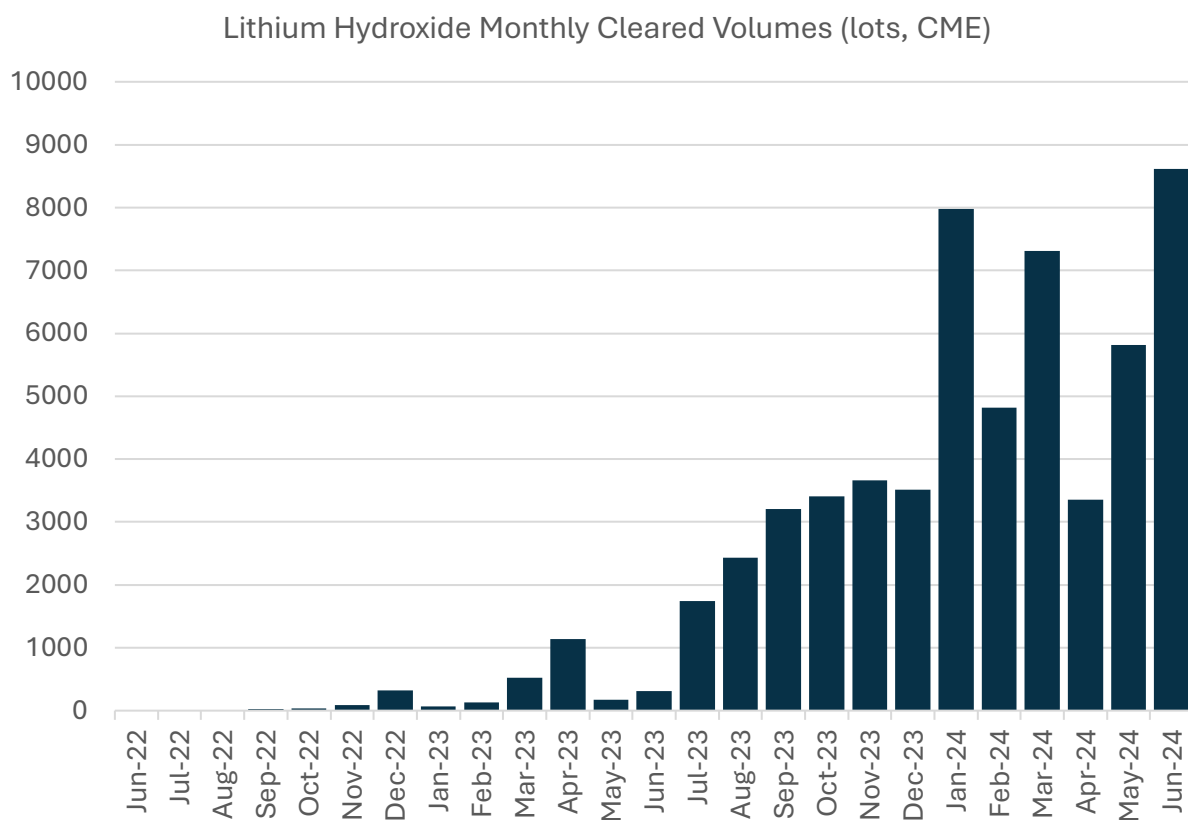


Chart Source: CME, FIS

This surge is driven by the demand for electric vehicles (EVs) and renewable energy storage systems, marking a pivotal moment in the transition towards a greener global economy.

The recent record high trading volumes can be attributed to several factors:

- **Increased EV adoption:** governments worldwide are implementing strict regulations and offering incentives to promote the adoption of EVs. Major automotive companies are also investing heavily in EV technology, accelerating the shift from internal combustion engines to electric powertrains.

- **Expansion of renewable energy projects:** to meet climate goals, there is a significant expansion in renewable energy projects, particularly solar and wind. These projects require efficient energy storage solutions, bolstering the demand for lithium-ion batteries.
- **Technological advancements:** continuous improvements in battery technology are enhancing the efficiency and lifespan of batteries, increasing their attractiveness and driving up demand for high-quality lithium hydroxide.
- **New players entering the market:** driven by the high demand, new companies are entering this market, while others are securing their supply chains by investing in lithium mining and refining operations. This has led to a dramatic increase of activity in the market as firms try to lock in supplies to meet future demand.
- **Hedging:** prices on lithium hydroxide are currently low, but as demand is higher than current supply, companies may carry on hedging by using derivatives on this product, as prices are likely to be more volatile in the future. Companies will need to navigate these fluctuations to maintain profitability.

In conclusion, the record high trading volumes of lithium hydroxide underscore the material's critical role in the future of energy. As industries continue to move towards more sustainable solutions, the importance of securing a stable supply of lithium hydroxide cannot be overstated.

FIS has been at the forefront in developing a range of new commodity markets. With expertise in developing ferrous and base metal market offerings that battery metals are showing such strong growth. FIS is also active on SGX, where it has traded already around 100t of lithium hydroxide.

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