

Battery Metals Market Signals

Bull

- In March 2025, China's production of ternary precursor increased by 19.75% month-on-month but decreased by 10.57% year-on-year. Ternary precursor of the 5-series accounted for 20%, the 6-series accounted for 37%, and the 8-series accounted for 33%. The overall market supply has basically returned to the level before the CNY. Some ternary material manufacturers, anticipating further increases in raw material prices, carried out advance stockpiling, which promoted an increase in precursor orders in the short term.
- The prices of lithium mica and lithium spodumene continued to decline, leading to a further drop in the cost of lithium salts. However, the price of lithium spodumene is not far from its historical absolute low point. Therefore, without considering systemic shocks, the downward speed of lithium salts may slow down in the later stage.
- From mid-March to early April, lithium trades are mainly between traders and downstream. Due to the limited supply volume of lithium carbonate from first- and second-tier lithium salt mills, leading lithium salt mills still have a strong sentiment of maintaining prices. However, with overall market oversupply, traders are promoting trades with downstream material manufacturers at relatively low-price levels to dispose of old inventory. Downstream material manufacturers mainly make purchases for replenishment based on rigid demand.
- In March, the domestic production of iron phosphate increased by 10% month-on-month and significantly increased by 81% year-on-year. Orders were abundant, and production lines were operating at full capacity. The marginal growth mainly came from enterprises that need to purchase iron phosphate externally. In addition, the preparation for spring plowing and fertilization has pushed up the production cost of iron phosphate produced by the ammonium method. It is expected that the production and demand of lithium iron phosphate will maintain rapid growth in April.
- Due to concerns about the stability of cobalt exports and further tightening, some enterprises made excessive advance purchases, resulting in a slight month-on-month and year-on-year increase in China's production of cobalt tetroxide in March. Currently, there is a significant increase in orders in April, so the price is likely to remain strong in April.
- If calculated based on the annual cobalt production of 220,000 tons in the DR Congo, the ban on the export of cobalt intermediate products for four months will affect 73,300 tons. If the export is delayed for four months, the impact will reach 146,700 tons. According to the calculations of different institutions, the annual supply of cobalt is only 30,000 to 50,000 tons higher than the demand. Therefore, this impact is bound to cause a shortage of cobalt resources. The subsequent market needs to pay attention to whether the DRC government will extend the ban or manage exports through quotas.
- Due to the persistently high volatility in the Australian electricity market, supportive government policies, and the imminent retirement of coal-fired power plants, Australia has started to increase its investment in batteries.

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Bear

- Due to the butterfly effect triggered by the tariffs of the Trump administration, both the stock market and mainstream commodities have experienced significant pullbacks, dragging down the performance of metals such as lithium and cobalt at the beginning of this week. There has been a wave of limit-downs for core battery or lithium mining stocks in the US stock market and related stocks in Asian market. Battery metals were not marginally impacted by the new tariff provisions in early April. Therefore, the market is expected to return to the price level at the end of March after the systemic risks.
- The new auto tariffs may halve the number of imported new energy vehicles in the US market.
- According to Bloomberg, European automakers may not need to pay fines for failing to meet the 2025 emission targets, as a newly proposed amendment allows them to over-fulfill the targets in the next two years. If the final targets remain unchanged, various automakers still need to increase the sales volume of NEVs this year and next year. If no action is taken in 2027, 52% of the vehicles in the entire European automotive industry need to be NEVs.
- In March, China's lithium carbonate production was close to 80,000 tons, setting a new historical high for a single month, with a month-on-month increase of 23%. At the same time, the increase in demand was relatively small. Currently, small and medium-sized lithium salt factories have successively reduced production in March, but large lithium salt factories have not cut their supplies.
- Cobalt salt producers have been forced to suspend quotations due to the increase in raw material costs. However, at the same time, downstream enterprises have a low acceptance of high-priced cobalt salts and are more inclined to purchase a certain amount of inventory.

Others

- As of the week ending April 5th, the weekly trading volume of lithium carbonate on the Guangzhou Futures Exchange was 491,960 tons, a decrease of 157,306 tons on the week. The open interest was 367,153 tons, a decrease of 24,784 tons on the week.
- The registered warehouse warrants of lithium carbonate on the Guangzhou Futures Exchange were 24,603 tons last week, compared with 35,782 tons in the previous week.
- Sources: SMM, China Passenger Car Association, Bloomberg, MySteel, China Customs

Weekly Futures Price and Open Interest Change

Open Interest /lots	Cobalt Metal	Lithium Hydro	OI WoW %	Cobalt Metal	Lithium Hydro	Price	Cobalt Metal \$/mt	Lithium Hydro \$/mt	Price WoW %	Cobalt Metal \$/mt	Lithium Hydro \$/mt
Apr-25	734	3,168	Apr-25	-1.1%	0.0%	Apr-25	34,943	9,350	Apr-25	-9.4%	-5.7%
May-25	841	3,006	May-25	-0.7%	1.9%	May-25	38,360	9,580	May-25	-0.6%	-2.7%
Jun-25	713	2,960	Jun-25	2.1%	0.1%	Jun-25	38,581	9,630	Jun-25	3.3%	-2.9%
Jul-25	848	3,520	Jul-25	2.7%	0.0%	Jul-25	40,212	9,750	Jul-25	-1.4%	-3.5%
Aug-25	767	3,024	Aug-25	1.1%	0.0%	Aug-25	40,212	9,750	Aug-25	-1.4%	-5.2%
Sep-25	635	3,488	Sep-25	3.6%	-0.4%	Sep-25	40,212	9,750	Sep-25	-1.4%	-5.2%
Oct-25	604	3,251	Oct-25	0.8%	1.0%	Oct-25	40,300	10,250	Oct-25	0.6%	-5.0%
Nov-25	482	3,175	Nov-25	1.0%	1.1%	Nov-25	40,345	10,250	Nov-25	0.7%	-5.0%
Dec-25	576	2,750	Dec-25	0.9%	1.2%	Dec-25	40,389	10,250	Dec-25	0.8%	-5.0%
Jan-26	548	1,118	Jan-26	0.0%	43.3%	Jan-26	40,609	11,090	Jan-26	0.5%	-1.8%
Feb-26	470	1,073	Feb-26	0.0%	47.0%	Feb-26	40,675	11,090	Feb-26	0.7%	-1.8%
Mar-26	672	1,058	Mar-26	0.0%	46.9%	Mar-26	40,741	11,090	Mar-26	0.9%	-1.8%
Apr-26	411	350	Apr-26	0.0%	14.8%	Apr-26	41,006	11,500	Apr-26	1.5%	-1.3%
May-26	411	350	May-26	0.0%	14.8%	May-26	41,072	11,500	May-26	1.5%	-2.5%
Jun-26	276	350	Jun-26	0.0%	14.8%	Jun-26	41,160	11,500	Jun-26	1.7%	-3.8%
Jul-26	280	375	Jul-26	3.7%	2.7%	Jul-26	41,513	11,500	Jul-26	2.2%	-5.2%
Aug-26	252	375	Aug-26	6.3%	2.7%	Aug-26	41,513	11,500	Aug-26	1.9%	-5.6%
Sep-26	312	375	Sep-26	5.1%	2.7%	Sep-26	41,513	11,500	Sep-26	1.9%	-6.1%
Oct-26	455	55	Oct-26	0.0%	22.2%	Oct-26	41,844	11,500	Oct-26	2.5%	-7.9%
Nov-26	445	55	Nov-26	0.0%	22.2%	Nov-26	41,844	11,500	Nov-26	2.4%	-8.6%
Dec-26	512	55	Dec-26	0.0%	22.2%	Dec-26	41,844	11,500	Dec-26	2.3%	-9.3%
Jan-27	392	45	Jan-27	0.0%	125.0%	Jan-27	42,174	12,750	Jan-27	0.7%	-1.9%

Source: CME

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