

## Battery Metals Market Signals

### Bull

- China and US have reached important consensus, and substantial progress has been made in the talks. Affected by the macro news, the commodities market and the stock market rebounded during the night trading session on last Friday and throughout Monday. Sudden macro news has the potential to reverse long-term trends after quarter length correction on industrial commodities. If it breaks through some hedging positions on lithium, it potentially cause a rapid rise in the derivatives market. Moreover, there is huge momentum for the overall rebound of industrial products, and the knock-on effects should be taken into account.
- The downstream procurement willingness for lithium salts is weak, and long-term agreements cover most of the demand. Currently, upstream lithium salt manufacturers are under cost-loss pressure and have started to maintain high prices. At the same time, traders are not actively purchasing. Some lithium salt producers have suspended or cut production. In the future, it is necessary to observe whether further production control can effectively reduce inventory.
- The market for ternary precursors is showing a mixed performance. Affected by the decline in the price of cobalt sulfate, the price of consumer-grade products of the 5-series has decreased. Influenced by the relatively strong performance of nickel sulfate, the 6-series and 8-series have rebounded slightly.
- During the China Labor Day holiday in 2025, the popularity of NEVs for travel has continued to rise. According to data from China State Grid, the charging volume at high-speed service areas across the country in the first two days of the holiday reached 15.9 million KWH, a year-on-year increase of 28%, setting a new historical high. In April, the retail penetration rate of NEV passenger vehicles in China exceeded 51% for the first time, achieving the target originally set for 2035 eleven years ahead of schedule. Before and after the holiday, the promotional activities of NEV manufacturers have achieved remarkable results.

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### Bear

- In the past week, the prices of lithium carbonate, lithium hydroxide, and spodumene have all dropped significantly. After spodumene prices fell below last year's low, there has been no production reduction in mines or control of shipments as expected by the market. Therefore, the collapse of costs has been the main reason for the sharp decline in lithium salt prices over the past two weeks.
- In April 2025, the total output of SMM lithium carbonate decreased by 7% month-on-month but increased by 40% year-on-year. Although small and medium-sized lithium mica mines have started to reduce production, the output of leading lithium salt manufacturers has expanded. As a result, the overall production reduction is still not fast enough. It is reported that after the weather warms up in May, the output of lithium extraction from salt lakes is likely to increase rapidly.
- The output of negative electrode materials in China increased by 6% month-on-month and 21% year-on-year. SMM predicts that the output of negative electrode materials in China will increase by 5% month-on-month and 22% year-on-year in May.
- The trading discount of lithium hydroxide has dropped below 95% off, so the price of lithium hydroxide has declined significantly this week.
- The proportion of customer-supplied materials for battery cell manufacturers increased last week, compressing the market share of material manufacturers, which has led to a softening of marginal market prices.
- The price of lithium iron phosphate has been dragged down by the significant decline in the price of lithium carbonate.
- The social inventory of electrolytic cobalt is on the high side. High raw material costs have led to continuous production reduction in smelters. The willingness to stockpile on the demand side is rather low.
- The supply of cobalt intermediates is still insufficient, but the quotations from traders are higher than market expectations. With sufficient stockpiling by downstream players, transactions have decreased.
- Eight European countries have cancelled the purchase subsidies for Chinese export NEVs in 2025. A new price floor for imported Chinese NEV cars has been set at 35,000 to 40,000 euros. It is reported that vehicles priced below 35,000 euros account for nearly 70% in Europe. Therefore, most NEVs exported from China to Europe will be priced higher than those sold domestically.

### Others

- As of the week ending May 9th, the weekly trading volume of lithium carbonate on the Guangzhou Futures Exchange was 1,134,073 tons, an increase of 613,330 tons on the week, setting a new record for the largest single-week trading volume since the week of January 17th. The open interest was 468,568 tons, an increase of 80,208 tons on the week.
- The registered warehouse warrants of lithium carbonate on the Guangzhou Futures Exchange were 36,351 tons last week, compared with 33,477 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
May-25	830	3,175	May-25	-1.8%	-0.3%	May-25	34,965	8,450	May-25	0.7%	-4.6%
Jun-25	736	2,945	Jun-25	2.2%	4.2%	Jun-25	35,494	8,550	Jun-25	0.8%	-4.0%
Jul-25	787	3,670	Jul-25	2.6%	-1.7%	Jul-25	36,046	8,650	Jul-25	0.7%	-3.2%
Aug-25	702	3,102	Aug-25	-2.1%	-1.6%	Aug-25	36,112	8,650	Aug-25	0.7%	-3.4%
Sep-25	593	3,439	Sep-25	1.2%	-0.8%	Sep-25	36,332	8,650	Sep-25	1.0%	-3.4%
Oct-25	572	3,541	Oct-25	-2.6%	2.8%	Oct-25	37,919	8,900	Oct-25	4.1%	-4.8%
Nov-25	495	3,495	Nov-25	4.2%	4.6%	Nov-25	37,919	8,970	Nov-25	3.3%	-4.4%
Dec-25	564	2,942	Dec-25	0.9%	3.2%	Dec-25	37,919	8,900	Dec-25	2.9%	-5.6%
Jan-26	601	1,708	Jan-26	4.5%	7.8%	Jan-26	38,162	9,500	Jan-26	2.7%	-2.7%
Feb-26	498	1,645	Feb-26	3.3%	8.2%	Feb-26	38,360	9,500	Feb-26	2.8%	-3.5%
Mar-26	692	1,600	Mar-26	0.7%	8.4%	Mar-26	38,427	9,500	Mar-26	2.7%	-4.9%
Apr-26	416	739	Apr-26	1.2%	33.4%	Apr-26	38,845	9,880	Apr-26	3.5%	-3.7%
May-26	416	739	May-26	1.2%	33.4%	May-26	38,867	9,880	May-26	3.0%	-4.6%
Jun-26	281	739	Jun-26	1.8%	33.4%	Jun-26	38,912	9,880	Jun-26	3.0%	-5.5%
Jul-26	285	494	Jul-26	0.0%	22.0%	Jul-26	39,198	10,350	Jul-26	3.0%	-4.6%
Aug-26	257	494	Aug-26	0.0%	22.0%	Aug-26	39,242	10,350	Aug-26	2.7%	-5.0%
Sep-26	312	494	Sep-26	0.0%	22.0%	Sep-26	39,286	10,350	Sep-26	2.7%	-5.5%
Oct-26	480	147	Oct-26	3.2%	126.2%	Oct-26	39,639	10,750	Oct-26	2.7%	-4.4%
Nov-26	470	147	Nov-26	3.3%	126.2%	Nov-26	39,683	10,750	Nov-26	2.4%	-4.9%
Dec-26	537	147	Dec-26	2.9%	126.2%	Dec-26	39,727	10,750	Dec-26	2.4%	-5.3%
Jan-27	392	65	Jan-27	0.0%	0.0%	Jan-27	40,565	11,150	Jan-27	2.1%	-4.7%
Feb-27	357	45	Feb-27	0.0%	0.0%	Feb-27	40,631	11,250	Feb-27	2.1%	-4.7%

Source: CME

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