

Battery Metals Market Signals

Bull

- As expected, lithium ore stabilization caused a rebound in overall sentiment in the battery market. Both photovoltaic modules and lithium batteries rebounded during the past week. In terms of capital flow, the bear market in commodities has lasted for more than half a year, and the sharp declines in coal, electricity, and crude oil have become the main reason for the cost collapse of many commodities. Therefore, the rebound in thermal coal and coking coal have become a signal for the end of the bear market cycle in commodities in the short run.
- There are many rumours in the market, which indirectly benefit the battery sector, mainly including China policy support for photovoltaics and market expectations of relaxed tariffs and exports, thus driving the sentiments for energy storage demand. In terms of lithium batteries, since the expected production schedule increased slightly in early June, there is not much marginal bullish news theoretically.
- The battery industry chain stabilized last week. The SMM lithium carbonate index continued to fall at the beginning of the week and then strongly recovered, rebounding by 1.4% for the week. The Fastmarket lithium hydroxide index remained almost unchanged, while the Fastmarket cobalt index rebounded by 1.84%. The GFEX lithium carbonate index rebounded rapidly, with a low-point rebound of 8.4%. Last week's trading volume refreshed the largest single-week volume since November 2024, and the aggregated open interests hit a record high in the week of June 20th. After the lithium carbonate market warmed up, lithium ore mines and traders also showed sentiment to hold prices. The warehouse receipts of GFEX decreased by 20% in a week.
- China Customs data shows that in May 2025, China's total lithium carbonate imports were 21,146 tons, a month-on-month decrease of 25% and a year-on-year decrease of 14%. The average import price was about \$9,392/ton, a month-on-month decrease of 1.7% from April. In May, the import volume of lithium spodumene was about 605,000 tons, a month-on-month decrease of 2.9% and a year-on-year increase of 9.02%. In May, the export volume of ternary materials was 9,021 tons, a month-on-month decrease of 4% and a year-on-year increase of 31%. The export volume of ternary precursors was 8,858 tons, a month-on-month increase of 18% and a year-on-year decrease of 49%. In May 2025, China's imports of cobalt hydrometallurgical intermediates were approximately 49,487 tons, a month-on-month decrease of 7% and a year-on-year decrease of 6%.
- Affected by the extension of the export ban in the Democratic Republic of the Congo (DRC), the prices of electrolytic cobalt have all increased significantly.

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Bear

- The 5-series ternary materials saw a modest rebound, while demand for 6-series and 8-series variants remained subdued. Automotive power battery demand stayed sluggish, contrasting with robust uptake from consumer electronics and small-power applications.
- Lithium iron phosphate (LFP) prices dipped slightly last week. Although U.S. tariff reductions spurred a notable surge in energy storage orders, this was offset by the gradual downward revision in power battery production schedules.
- Artificial graphite anodes faced pricing pressure as downstream clients pursued cost reductions, with short-term oversupply conditions persisting. The natural graphite market maintained overall stability.
- On the GFEX, lithium carbonate futures are trading at a premium. If spot-futures price convergence occurs again during the July delivery cycle, it could exert downward pressure on the benchmark contract.
- Near-term fundamentals remain priced-in, while the policy impact remains difficult to quantify. Following the sentiment-driven rally, capital potentially reallocates across sectors.

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
Jun-25	775	2,945	Jun-25	0.0%	0.0%	Jun-25	34,723	8,250	Jun-25	2.2%	-0.1%
Jul-25	642	3,624	Jul-25	-2.4%	-0.4%	Jul-25	36,663	8,450	Jul-25	8.6%	1.2%
Aug-25	730	3,281	Aug-25	19.1%	1.3%	Aug-25	36,927	8,500	Aug-25	8.7%	1.8%
Sep-25	554	3,412	Sep-25	14.7%	-0.5%	Sep-25	37,038	8,760	Sep-25	10.2%	4.3%
Oct-25	577	3,534	Oct-25	1.9%	-0.9%	Oct-25	38,471	8,900	Oct-25	14.0%	5.0%
Nov-25	490	3,422	Nov-25	2.9%	-0.8%	Nov-25	38,471	8,930	Nov-25	14.0%	5.3%
Dec-25	529	3,073	Dec-25	-1.3%	0.3%	Dec-25	38,471	8,930	Dec-25	14.0%	4.4%
Jan-26	585	2,157	Jan-26	-0.3%	0.7%	Jan-26	38,427	9,000	Jan-26	13.0%	4.5%
Feb-26	477	2,079	Feb-26	-0.4%	0.7%	Feb-26	38,427	9,000	Feb-26	13.0%	4.5%
Mar-26	658	1,925	Mar-26	0.0%	0.8%	Mar-26	38,471	9,000	Mar-26	13.1%	2.3%
Apr-26	435	1,059	Apr-26	-1.1%	0.0%	Apr-26	38,581	9,050	Apr-26	12.9%	1.5%
May-26	435	1,059	May-26	-1.1%	0.0%	May-26	38,647	9,070	May-26	13.1%	1.6%
Jun-26	324	1,149	Jun-26	-1.5%	0.0%	Jun-26	38,647	9,080	Jun-26	13.1%	1.5%
Jul-26	311	1,005	Jul-26	0.0%	2.0%	Jul-26	38,801	9,380	Jul-26	10.2%	3.9%
Aug-26	271	1,005	Aug-26	0.0%	2.0%	Aug-26	38,867	9,400	Aug-26	10.3%	3.9%
Sep-26	326	1,080	Sep-26	0.0%	1.9%	Sep-26	38,867	9,450	Sep-26	10.2%	4.1%
Oct-26	486	1,073	Oct-26	0.0%	4.9%	Oct-26	39,088	9,600	Oct-26	9.5%	3.8%
Nov-26	476	1,073	Nov-26	0.0%	4.9%	Nov-26	39,132	9,600	Nov-26	9.5%	3.4%
Dec-26	543	1,073	Dec-26	0.0%	4.9%	Dec-26	39,198	9,600	Dec-26	9.6%	3.2%
Jan-27	407	120	Jan-27	0.0%	9.1%	Jan-27	39,793	9,730	Jan-27	10.1%	3.2%
Feb-27	372	120	Feb-27	0.0%	9.1%	Feb-27	39,793	9,730	Feb-27	9.9%	3.2%
Mar-27	370	120	Mar-27	0.0%	9.1%	Mar-27	39,793	9,750	Mar-27	9.9%	3.4%

Source: CME

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