

22/7/2025

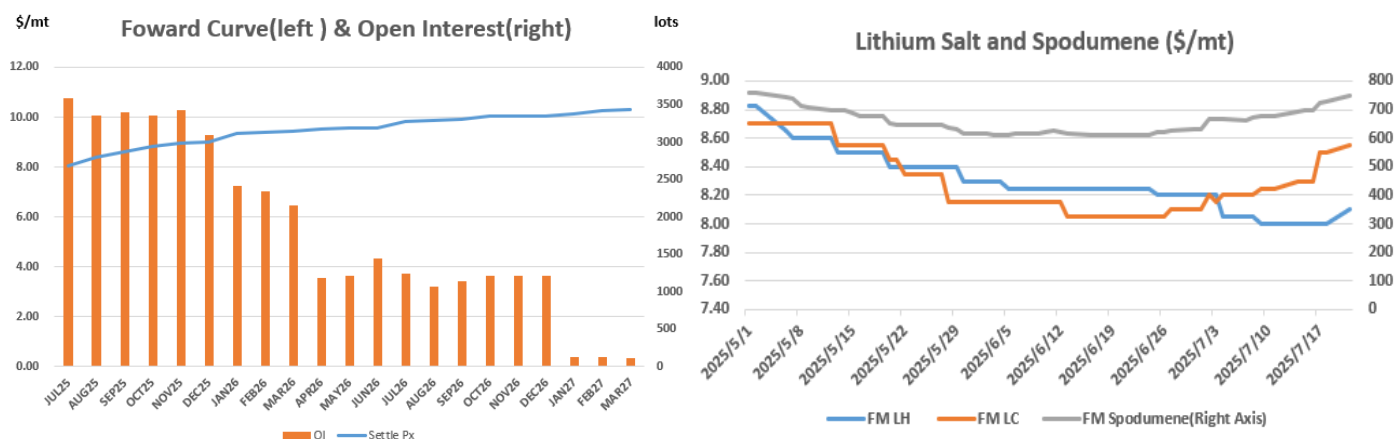
Lithium Salt and Spodumene Market:

- ⇒ **FastMarket Lithium Hydroxide:** Our view is short-run **Neutral to Bullish**. Some Chinese lithium salt enterprises have started to limit production, triggering expectations of an effective contraction of marginal production capacity. In addition, the rapid pace of photovoltaic installations has effectively supported demand.
- ⇒ **FastMarket Spodumene:** Our view is short-run **Neutral to Bullish**. The rebound of lithium salt has driven the rebound of lithium spodumene prices. The import volume of lithium spodumene in June decreased significantly month-on-month.

Prices Movement	21-Jul	14-Jul	Changes %	FIS Sentiment
FastMarket Lithium Hydroxide Monohydrate CIF China, Japan & Korea (\$/kg)	8.10	8.00	+1.25%	Short-run Neutral to Bullish
FastMarket Lithium Carbonate Spot CIF China, Japan & Korea (\$/kg)	8.55	8.30	+3.01%	Short-run Neutral to Bullish
SMM Lithium Carbonate Spot China(yuan/ton)	67,741	64,484	+5.05%	Short-run Neutral to Bullish
FastMarket Cobalt 30% (\$/kg)	12.63	12.55	+0.64%	Short-run Neutral to Bullish
FastMarket Spodumene min 6% Asia (\$/ton)	750.0	692.5	+8.30%	Short-run Neutral to Bullish

Since the beginning of July, thanks to the "anti-involution" policies in China, commodities with high production capacity have experienced capacity reduction plans, especially in the coal and photovoltaic sectors. The combination of photovoltaic capacity reduction and accelerated installation has effectively supported the demand space for energy storage. Lithium hydroxide rebounded slightly, while lithium carbonate and lithium spodumene had relatively large increases.

Looking at lithium salts, there were several news about capacity contraction. At the beginning of July, the Natural Resources Bureau of Yichun, Jiangxi, released approval documents for 8 mining enterprises. The 3-month suspension of lithium carbonate sales by Jiangxi Jiuling has been regarded as a substantial inflection point for market capacity contraction. Zangge Lithium Industry is facing a mismatch between mineral resource licenses and actual mining. A subsidiary of Jiangte Motor issued a maintenance plan. Expectations of supply-side contraction have led to several price rebounds. However, SMM's weekly lithium carbonate inventory remains at a record high of 142,600 tons. The average weekly output of lithium carbonate from June to July was 18,000 tons, a significant increase compared with 16,000 tons in May. China's total import volume of lithium spodumene in June was 576,000 tons, a month-on-month decrease of 4.8%. The main reduction came from Australia.

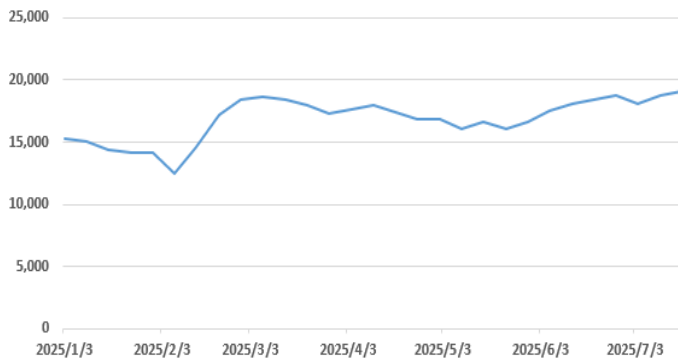


Data Sources: Bloomberg, SMM, Fastmarket, FIS

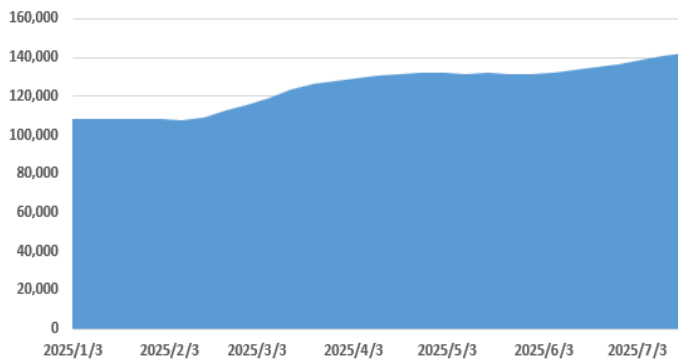
Freight Investor Services 2025

Lithium Salt and Spodumene Market(Cont'd):

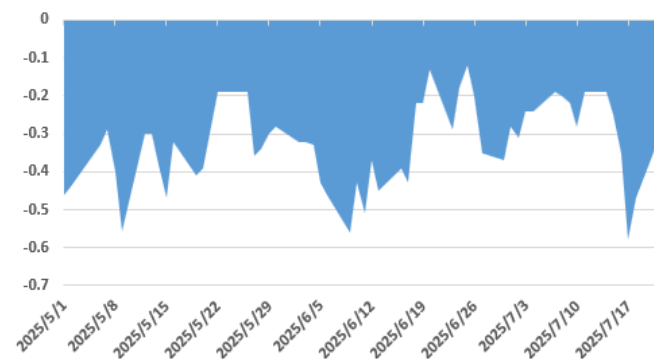
SMM Weekly Production of LC(tons)



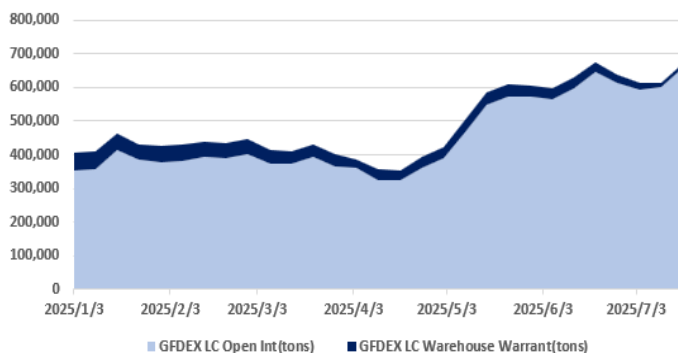
China LC Inventory(mt)



Q2-Q3 Spread(\$/mt)



GFDEX LC OI&Warrents(mt)



In June, lithium carbonate imports stood at 17,698 tons, down 16.3% month-on-month. After a rapid price rebound, the market is likely to focus more on the scale of substantial production cuts. Along with physical market, open interests grew both in CME and GFEX for carbonate lithium in mid and late July compared with early July. The GFEX warehouse warrants went down 72% during the past nine weeks, easing the selling pressure on delivery market. In addition, traders spotted opportunities to purchase futures contracts and make deliveries to exchange warehouses. This has led to a widening of the basis spread between physical commodities and futures. That said, if futures prices rally too sharply, traders may potentially unwind their positions.

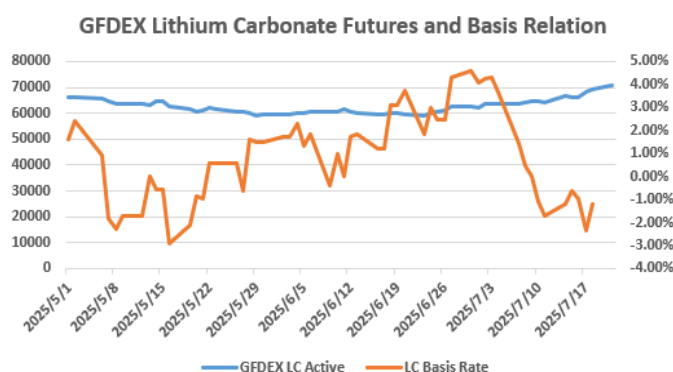
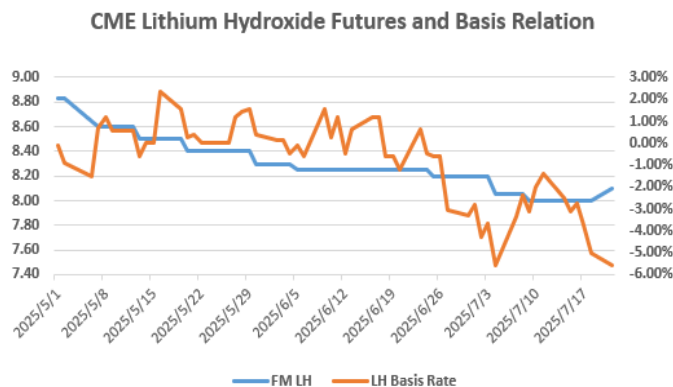
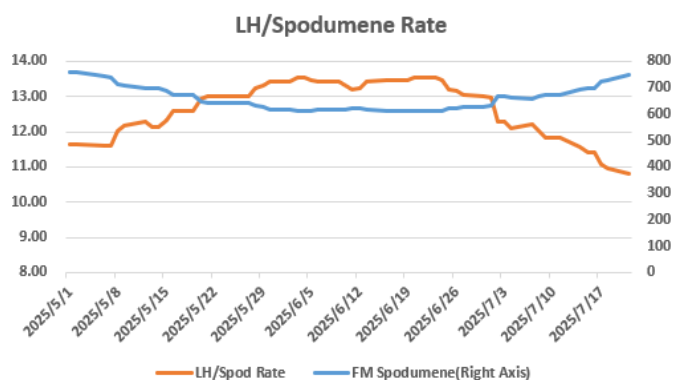
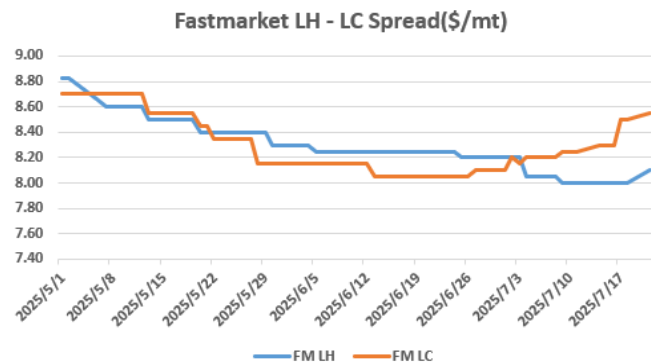
The industrial commodities market experienced a 6 to 9-month bear market from the fourth quarter of last year to June this year, mainly triggered by the sharp decline in coal and electricity. Currently, the sharp rebound in coal-related sectors has driven an overall rebound in commodities. Commodities with high electricity cost, such as industrial silicon and polysilicon, have also rebounded significantly. Lithium salts have also followed the rebound. Institutional capital positions have shifted from an overall bearish stance to a partially bullish one. New energy commodities were repeatedly hit by tariff impacts from April to June, but the impact has weakened since July. Both VIX and US index remained at year-low in July.

The rolling Q2-Q3 spread corrected at the beginning of July and recovered during the past week. The spread for most of time oscillated from -\$0.2/t to -\$0.5/t.

The oversupply of lithium carbonate reached 17,104 tons in Q2, compared with 13,697 tons in Q1 and 31,176 tons in Q1 of last year. Market participants expect such oversupply to potentially ease in H2 2025.

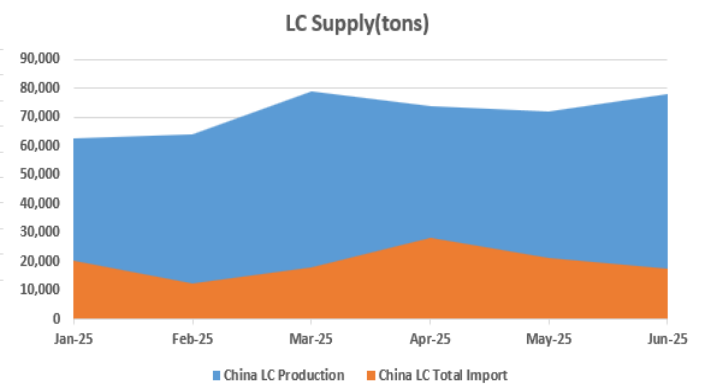
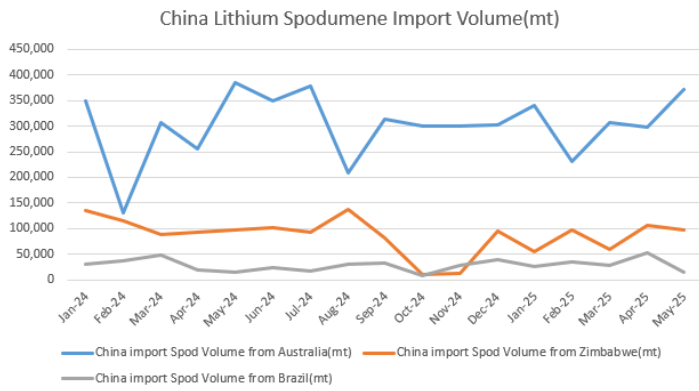
In our opinion, both spodumene and carbonate lithium should maintain a positive outlook in the short-run.

Lithium Salt and Spodumene Market(Cont'd):



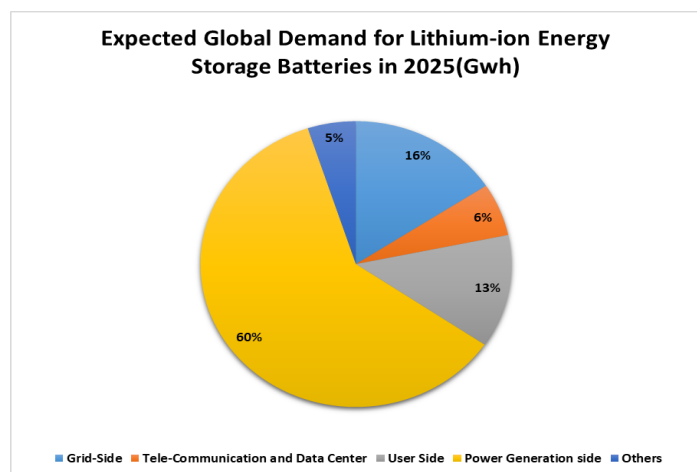
- The LH-LC spread became negative, indicated a fast lithium carbonate growth versus a rather stable lithium hydroxide. The spread could potentially go deeper thanks to the bigger size and price-elasticity of the lithium carbonate market.
- The widening physical-futures spread in both CME and GFDEX markets signals significant undervaluation of futures. If the physical market stabilizes or rebounds, futures are expected to recover within the next few weeks.
- The LH/spodumene rate fell sharply from late June as thanks to the fast growth of spodumene versus lithium salt. Spodumene has a stronger support in low range compared with lithium salt due to concentrated supplies.
- Basis rates declined in both CME and GFEX, indicating a strong derivatives versus physical market at the moment.

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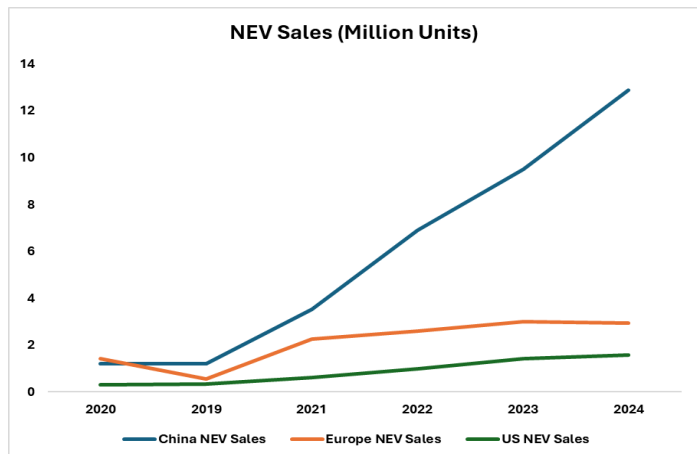


Battery Components and Downstream Market:

Prices Movement	Last	Previous	Changes %	FIS Sentiment
6-Series Ternary Precursors (yuan/ton)	72,050	72,200	- 0.21%	Short-run Neutral to Bullish
Prismatic Ternary Cells (yuan/Wh)	0.63	0.63	-	Short-run Neutral to Bullish
Lithium Iron Phosphate - Power (yuan/ton)	30,960	34,110	+ 2.49%	Short-run Neutral to Bullish
High-end Power Graphite(yuan/ton)	33,050	33,050	-	Short-run Neutral to Bullish



In June 2025, the output of SMM ternary precursors went up by 0.79% on the month at 67,350 units. The phasing out of NEV subsidies in China and overseas trade policies including EU anti-subsidy measures dragged down exports, leading power battery enterprises to adopt a more cautious approach towards the procurement demand for lithium carbonate. However, the progress of energy storage projects is continuing thanks to government anti-involution policies and a more favorable export environment. As a result, LFP inventories decreased by 6.19% in Q2 compared with Q1. Market participants expects a continuous decrease on inventories in Q3.



Unit	China Ternary Precursor Production	China LFP Production	China LFP Inventory	SMM Anode Materials Production	SMM Anode Materials Inventory
Jan-25	67,350	3,022,200	85,110	184,400	143,764
Feb-25	57,910	2,741,760	94,650	175,550	151,218
Mar-25	69,350	3,295,200	101,600	159,710	159,888
Apr-25	69,600	3,171,600	88,910	180,930	180,230
May-25	66,820	3,382,800	81,378	198,400	189,808
Jun-25	67,350	3,022,200	93,661	175,550	151,218

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