

## Battery Metals Market Signals

### Bull

- With China's peak automotive sales season (September–October) approaching, SMM reports increased production schedules for ternary precursors in July–August. Some cathode material producers have accelerated raw material procurement in anticipation of rising demand.
- According to Shanghai Iccsino Data, global lithium battery output rose 48.29% YoY in H1 2025, while domestic lithium carbonate supply increased 31.12% YoY.
- Ongoing uncertainty surrounds the renewal of lithium mining licenses in Jiangxi, China. A non-renewal could impact 13,000–14,000 tons/month of lithium carbonate equivalent supply.
- Australian lithium producers are showing strong price support. Lithium ore prices rebounded 18.6% in July, following a flat June. The recent turnaround in lithium salt prices has improved price acceptance for upstream supply.
- Although downstream manufacturers remain cautious toward current lithium carbonate prices, the ongoing correction is aiding inventory digestion. Buying interest has begun to recover. For lithium hydroxide, contract prices remain unchanged for now, limiting the impact of spot market dynamics. As a result, the price spread between lithium carbonate and hydroxide may continue to widen in the near term.
- China imported approximately 17,698 tons of lithium carbonate in June 2025, down 16% MoM and 10% YoY.

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### Bear

- On July 25, the GFEX announced a limit on daily open positions for non-futures members and clients, capping new positions in the Sep25 lithium carbonate futures contract at 3,000 lots from July 28 onward. The measure aims to cool speculative activity in the derivatives market.
- Zangge Lithium and Jiangte Motor are both expected to resume production shortly—Zangge upon permit completion and Jiangte after a 26-day maintenance. The overall supply impact is likely limited.
- Major lithium salt producers in China continue to face deep losses. Any production cuts or suspensions would be aimed at curbing further financial strain and improving company balance sheets.
- The physical-futures spread on GFEX reached 5,000 yuan/ton last week, offering short-term arbitrage opportunities. However, the sharp drop in futures prices has since compressed that spread.
- SMM data indicates that lithium carbonate output and inventories remain elevated. Registered warehouse receipts on GFEX increased from the previous week, reinforcing the oversupply narrative.
- Both trading volume and open interest on GFEX hit record weekly highs last week, reflecting heightened speculative sentiment. A sudden exit of short-term capital could trigger a sharp correction.

### Others

- For the week ending July 25th, the weekly trading volume of lithium carbonate on the Guangzhou Futures Exchange reached 8,348,628 tons, a 59.24% week-on-week increase—marking the highest single-week volume since the contract was listed. Open interest reached 908,178 tons, up 37.44% on the week.
- Registered warehouse warrants for lithium carbonate on the Guangzhou Futures Exchange totaled 11,996 tons last week, up from 10,239 tons the week before.

Sources: SMM, China Passenger Car Association, Bloomberg, MySteel, China Customs, Guangzhou Futures Exchange, FIS, China National Bureau of Statistics, CME

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
Jul-25	644	3,593	Jul-25	0.0%	0.0%	Jul-25	34,590	8,090	Jul-25	-0.8%	0.7%
Aug-25	739	3,370	Aug-25	0.0%	0.5%	Aug-25	34,238	8,970	Aug-25	0.1%	6.8%
Sep-25	522	3,791	Sep-25	0.0%	11.3%	Sep-25	34,568	10,630	Sep-25	1.0%	23.6%
Oct-25	577	3,382	Oct-25	4.5%	0.9%	Oct-25	35,715	10,830	Oct-25	3.8%	22.4%
Nov-25	521	3,436	Nov-25	8.8%	0.2%	Nov-25	35,781	10,820	Nov-25	3.9%	20.9%
Dec-25	563	3,067	Dec-25	4.5%	-0.9%	Dec-25	35,825	10,820	Dec-25	4.0%	20.2%
Jan-26	598	2,367	Jan-26	1.7%	-2.1%	Jan-26	36,046	11,110	Jan-26	3.0%	18.8%
Feb-26	485	2,308	Feb-26	2.1%	-1.5%	Feb-26	36,046	11,110	Feb-26	2.8%	18.2%
Mar-26	658	2,109	Mar-26	0.0%	-2.3%	Mar-26	36,046	10,870	Mar-26	2.7%	15.0%
Apr-26	381	1,179	Apr-26	-3.8%	-1.1%	Apr-26	36,156	10,320	Apr-26	2.3%	8.5%
May-26	381	1,213	May-26	-3.8%	0.4%	May-26	36,156	10,370	May-26	2.3%	8.6%
Jun-26	288	1,479	Jun-26	0.0%	2.4%	Jun-26	36,156	10,610	Jun-26	2.3%	11.1%
Jul-26	311	1,327	Jul-26	4.7%	6.4%	Jul-26	36,376	10,970	Jul-26	1.7%	11.7%
Aug-26	277	1,064	Aug-26	2.2%	-0.5%	Aug-26	36,442	11,700	Aug-26	1.8%	18.8%
Sep-26	326	1,139	Sep-26	0.0%	-0.4%	Sep-26	36,442	11,700	Sep-26	1.6%	18.2%
Oct-26	486	1,191	Oct-26	0.0%	-1.7%	Oct-26	36,597	11,500	Oct-26	1.4%	14.4%
Nov-26	476	1,191	Nov-26	0.0%	-1.7%	Nov-26	36,597	11,500	Nov-26	1.1%	14.4%
Dec-26	543	1,191	Dec-26	0.0%	-1.7%	Dec-26	36,663	11,500	Dec-26	1.2%	14.4%
Jan-27	407	135	Jan-27	0.0%	0.0%	Jan-27	37,038	13,000	Jan-27	1.6%	28.1%
Feb-27	372	135	Feb-27	0.0%	0.0%	Feb-27	37,104	13,000	Feb-27	1.4%	26.8%
Mar-27	370	135	Mar-27	0.0%	0.0%	Mar-27	37,148	13,000	Mar-27	1.4%	26.2%
Apr-27	297	120	Apr-27	0.0%	0.0%	Apr-27	37,214	12,600	Apr-27	1.5%	17.2%

Source: CME



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