

19/8/2025

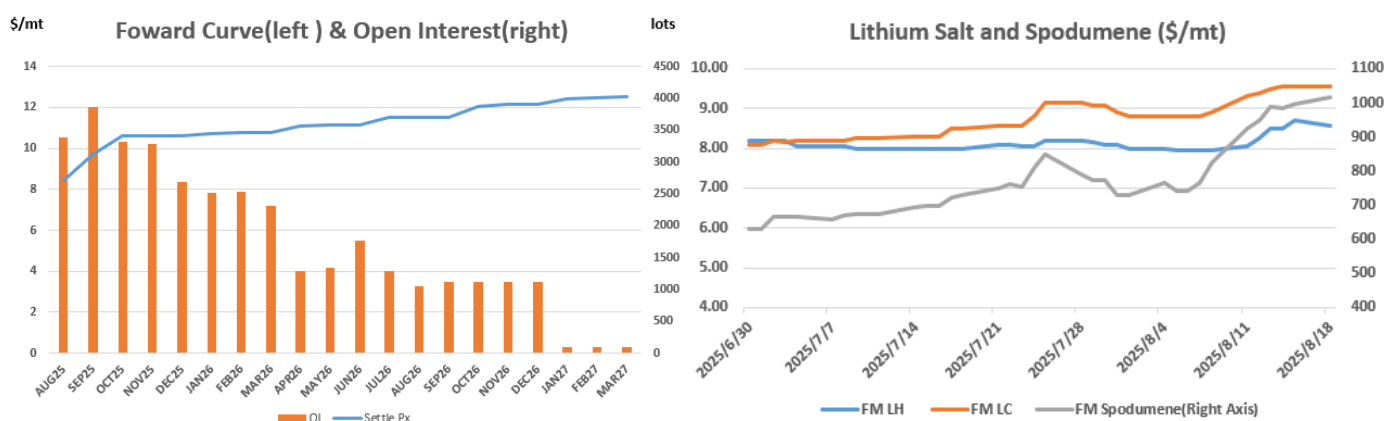
Lithium Salt and Spodumene Market:

- ⇒ **FastMarket Lithium Hydroxide:** Our view is short-run **Neutral**. Lithium salt prices surged in the short term due to the unsuccessful approval of mine permits of CATL. However, with a one-month interval until the next update on permit progress, there may be corrections or fluctuations during this period. Currently, lithium carbonate inventories have not yet entered a downward trajectory, caution is warranted against potential expectation gaps.
- ⇒ **FastMarket Spodumene:** Our view is short-run **Neutral**. Lithium ore prices continue to surge. Australian mines are monitoring the sustainability of this sharp rise, and a resumption of production could potentially occur.

Prices Movement	18-Aug	11-Aug	Changes %	FIS Sentiment
FastMarket Lithium Hydroxide Monohydrate CIF China, Japan & Korea (\$/kg)	8.55	8.05	+ 2.44%	Neutral
FastMarket Lithium Carbonate Spot CIF China, Japan & Korea (\$/kg)	9.55	9.30	+ 3.61%	Neutral
SMM Lithium Carbonate Spot China(yuan/ton)	84,794	74,567	+ 3.73%	Neutral
FastMarket Cobalt 30% (\$/kg)	13.20	13.08	+ 0.92%	Neutral
FastMarket Spodumene min 6% Asia (\$/ton)	1017.50	925	+ 10.00%	Neutral

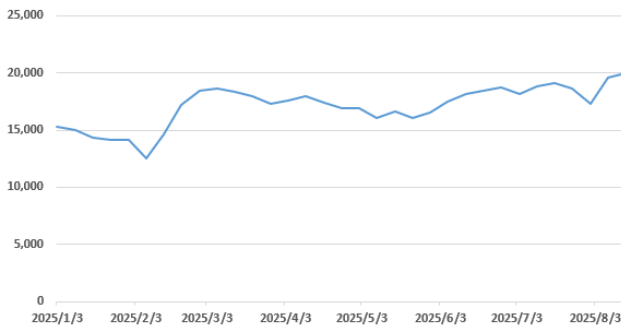
The prices of battery metals have witnessed a significant increase recently due to the failure of the mining license renewal for CATL's Jianxiawo Mining Area. The weekly price of lithium hydroxide on Fastmarket rose by 6.21%, and the SMM lithium carbonate index soared by 13.72%.

The current price lithium salt surge stems mainly from heightened market concerns over supply continuity. Its output impact depends on permit approvals across mining regions: a 5,000-ton monthly drop in lithium carbonate equivalent (LCE) if only the Jianxiawo area is affected, but a 9,600-ton monthly LCE loss if 8 Jiangxi mines plus those in Tibet and Qinghai all face rejected permits. Other lithium salt producers are ramping up output, so the market will hinge on the balance between increased and reduced production. If rising output fails to offset cuts, leading to falling inventories align with supply-tightening expectations. However some expectations are already priced in. Conversely, if inventories don't drop sharply, an "expectation gap" could potentially spark adjustments, pressuring prices downward.



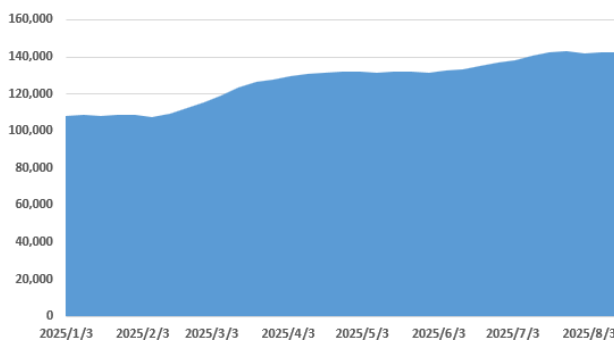
Lithium Salt and Spodumene Market(Cont'd):

SMM Weekly Production of LC(tons)



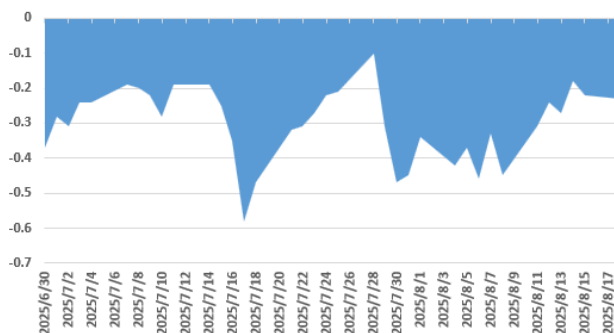
Additionally, China saw initiatives from multiple industries including lithium battery, photovoltaic, and metals sectors, which mentioned safeguarding industrial security and anti-monopoly efforts, once regarded as positive factors for prices. However, there were rumors early this week that reaching a consensus on industry agreements would not happen quickly, so this news only caused short-term fluctuations.

China LC Inventory(mt)



US-based Piedmont Lithium produced 58,500 tons of lithium concentrate in the second quarter, a record for the company. Australian mines may require lithium spodumene prices to stay above \$800/ton for a long time to resume production. In August, Australian lithium spodumene prices hit a yearly high of \$1,035/ton but only stayed above \$800/ton for a week, leading the market to speculate that mines are still in wait and see mode.

Q2-Q3 Spread(\$/mt)

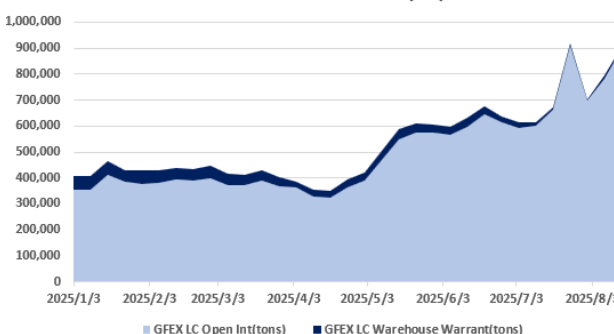


Ganfeng International, a wholly-owned subsidiary of Ganfeng Lithium, plans to integrate Argentine salt lakes with LAR, with a combined annual lithium carbonate production capacity of 150,000 tons, which is pending approval from local authorities. Last week, a lithium processing plant of global lithium giant Albemarle in Chile suspended part of its production lines temporarily due to an acid-containing pipeline burst accident. The plant has an annual capacity of 85,000 tons of battery-grade lithium carbonate, accounting for 5% of the global supply of lithium extracted from salt lakes, and the accident has restricted approximately 5,000 tons of monthly capacity.

In terms of market supply and demand, China's lithium carbonate supply surplus was about 13,697 tons in the first quarter and 17,104 tons in the second quarter. The surplus is expected to decrease significantly in the third quarter, and a tight balance may emerge in the fourth quarter if more mines suspend production.

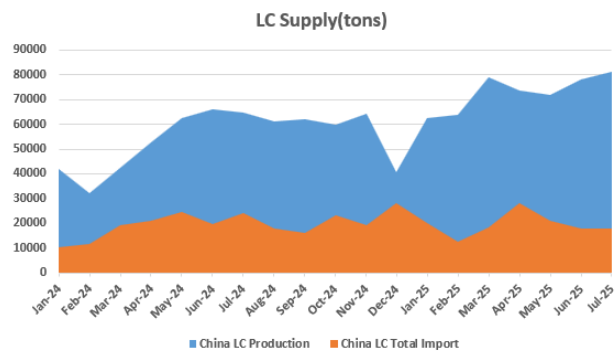
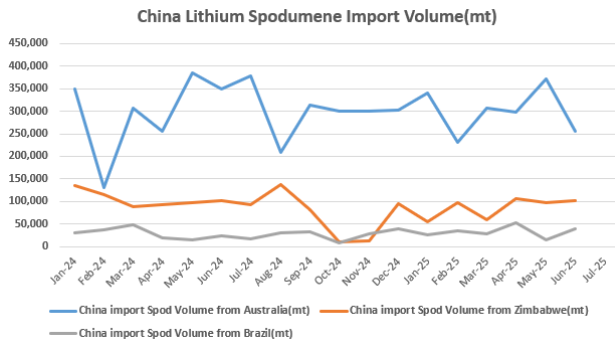
Following the release of financial reports from major global mines, the recent global balanced cost of lithium carbonate is approximately 58,000 - 60,000 yuan/ton, compared with 75,000 - 80,000 yuan/ton in 2024.

GFEX LC OI&Warrents(mt)



Since August, lithium spodumene has gained stronger momentum. While the index hovered between \$730-765/ton, spot trades persisted at \$790-800/ton. By mid-August, spot transactions surged by \$200/ton to above \$1,000/ton, pushing the lithium spodumene index to an annual high of \$1,017.5/ton. From mid-August onward, the lithium salt market saw both volume and prices climbing, with a strong mood of chasing rallies. For lithium hydroxide, few trades occurred at the low range of \$7.2-7.8/ton.

Lithium Salt and Spodumene Market(Cont'd):

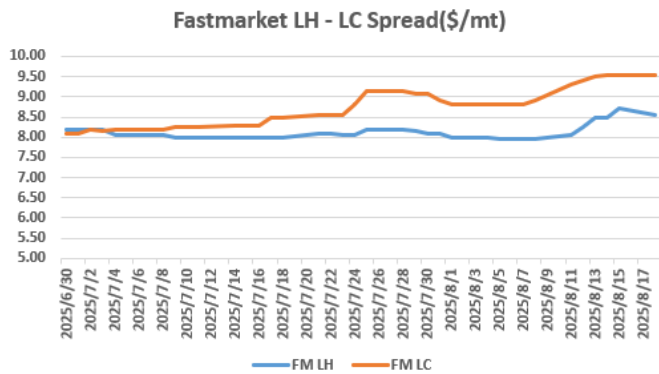


But after prices rebounded, buying momentum drove transactions to \$10.8-11.2/ton, well above the index. Lithium carbonate followed a similar pattern: initial trades took place at \$8.7/ton, and subsequent trades hit a high of \$9.75/ton.

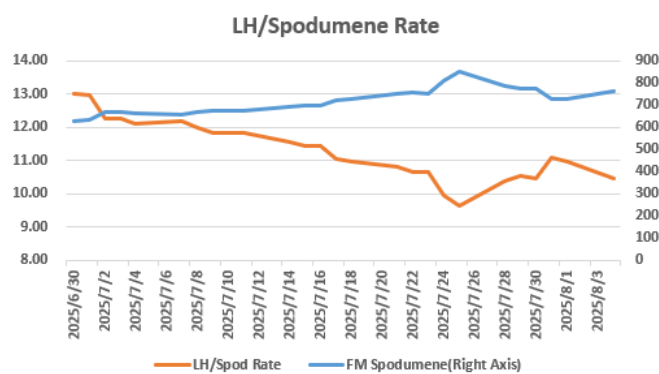
Q2-Q3 roll spreads have generally aligned with expectations, offering multiple opportunities within the range of -\$0.1/ton to -\$0.5/ton. Current spread levels fit the characteristics of statistical arbitrage models and lie within the 95% confidence interval (-\$0.5/ton, -\$0.1/ton). It is therefore prudent to execute regression trades at or beyond the edges of this interval.

After the recent flurry of news-driven speculation, short-term volatility is expected to decline in our view. The long-term outlook remains bullish in our view.

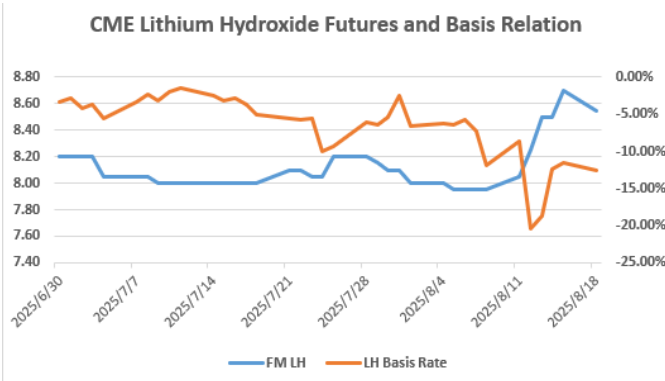
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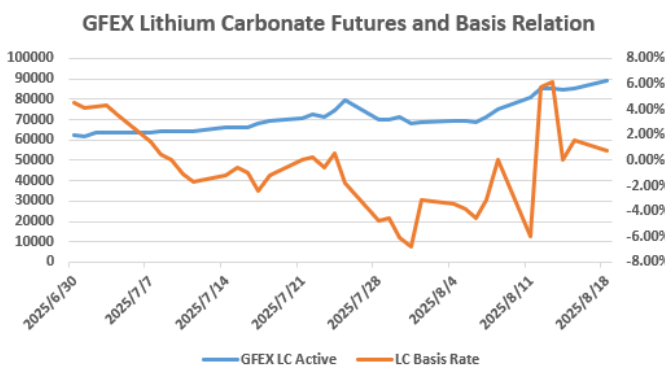
- The LH-LC spread has continued to narrow, as LC shows greater upward flexibility. However, LH producers have recently entered the maintenance phase, cutting their production schedules. This is expected to help recover the spread in the coming period.



- After significant fluctuations, the basis between CME and GFEX has stabilized, with volatility on a downward trend.



- The ratio between lithium salts and lithium spodumene is recovering, with lithium ores showing a stronger trend.



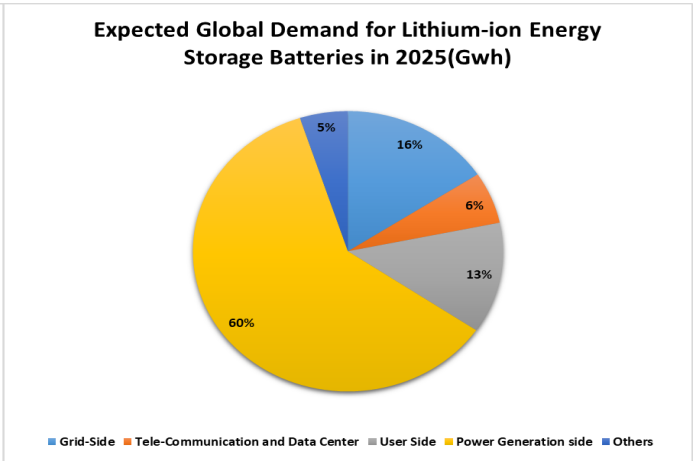
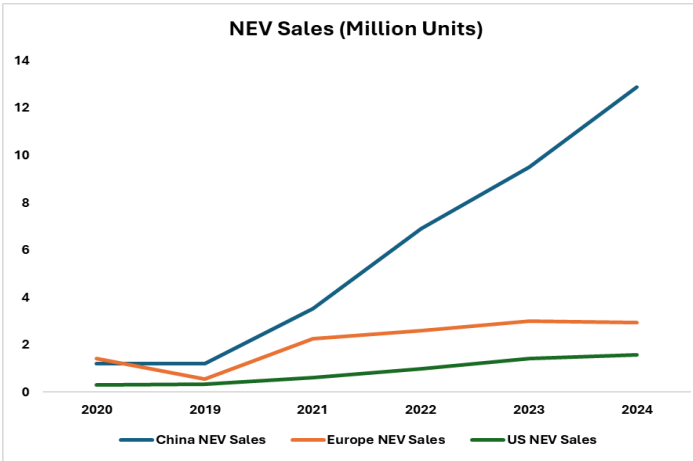
- Speculative sentiment in GFEX lithium carbonate has resurged, with open interest hitting a record high of 910,000 contracts on 18th August.

Battery Components and Downstream Market:

Prices Movement	Last	Previous	Changes %
6-Series Ternary Precursors (yuan/ton)	72,890	72,660	+ 0.32%
Prismatic Ternary Cells (yuan/Wh)	0.63	0.63	-
Lithium Iron Phosphate - Power (yuan/ton)	39,570	36,570	+ 8.20%
High-end Power Graphite(yuan/ton)	33,050	33,050	-

In July, China's new energy vehicle (NEV) production and sales grew 26.3% and 27.4% year-on-year, respectively. For the first seven months, NEV production and sales rose 39.2% and 38.5% from the same period last year. Globally, NEV sales reached 10.7 million units in the first seven months of this year, a 27% year-on-year increase. In the same month, power battery installations jumped 34.3% year-on-year, while energy storage battery installations surged 42.9% year-on-year.

Last week, both lithium iron phosphate and ternary materials saw significant inventory accumulation, as the market started pre-stocking amid rapidly rising prices. In the energy storage sector, overall demand maintained steady growth: this was driven by the potential renewal of US reciprocal tariffs, coupled with increased installations from the rollout of residential energy storage projects in the European market. Meanwhile, most cobalt acid lithium enterprises suspended quotations last week due to the sharp rise in lithium carbonate prices in mid-August.



Data Sources: Bloomberg, SMM, Fastmarket, FIS

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