

## Battery Metals Market Signals

### Bull

- Last week, the price of lithium carbonate declined, yet downstream inquiry activity remained robust. Market participants are speculating on whether Jiangxi mines will successfully obtain mining licenses in August.
- Lithium hydroxide continued to rise, supported by relatively high discounts in marginal spot quotations and controlled shipment volumes from upstream mines.
- The price of cobalt intermediates rebounded continuously. Smelters faced cost inversion, and cobalt intermediates were relatively scarce, providing strong upward momentum.
- Due to the rapid price increases of nickel sulfate and cobalt sulfate, the market is awaiting an upward adjustment of the discount coefficient for spot orders of ternary precursors.
- In the long term, the automotive industry—aiming to curb "involution"—is gradually reining in the trend of low-price competition, which could lead to rising car prices going forward.

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### Bear

- In July 2025, China's monthly lithium carbonate output reached 80,000 tons, up 4% month-on-month and 26% year-on-year. The relatively high futures prices have provided enterprises with hedging opportunities, enabling them to lock in sales prices while increasing operating rates.
- Australian mines, including IGO, Pilbara Minerals, Lontown Resources, and Wesfarmers, have raised their production guidance for the fiscal year.
- Due to reduced orders for power batteries, small and medium-sized lithium iron phosphate material manufacturers have cut production. However, thanks to the 90-day extension of tariff policies, orders for energy storage have performed well. Going forward, demand for lithium iron phosphate may rebound once cell manufacturers complete inventory stocking.
- Australian miner Lontown Resources stated on Tuesday that it had resold part of the lithium products originally intended for Ford to a Chinese buyer. According to Bloomberg, Ford Motor Company's electric vehicle sales plummeted 31.4% in the second quarter. With the gradual reduction of U.S. policy support for electric vehicles, their sales volume may continue to decline.
- Recently, domestic automakers have also planned to proactively reduce inventories. Lower production schedules will affect lithium demand from the power battery sector.
- Domestic lithium carbonate inventories remain at historically high levels.

### Others

- As of the week ending Aug 1st, the weekly trading volume of lithium carbonate on the Guangzhou Futures Exchange was 6,348,628 tons, a decrease of 22.59% week-on-week. The open interest was 696,107 tons, down by 23.35% week-on-week. Both volume and open interest dropped significantly, indicating the last round of speculation had come to an end.
- The registered warehouse warrants of lithium carbonate on the Guangzhou Futures Exchange were 6,605 tons last week, compared with 11,996 tons in the previous week.

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 |
|---------------------|--------------|---------------|----------|--------------|---------------|--------|--------------------|---------------------|-------------|--------------------|---------------------|
| Aug-25              | 725          | 3,388         | Aug-25   | -1.9%        | 0.5%          | Aug-25 | 34,282             | 8,000               | Aug-25      | 0.1%               | -10.8%              |
| Sep-25              | 609          | 3,796         | Sep-25   | 16.7%        | 0.1%          | Sep-25 | 34,657             | 8,530               | Sep-25      | 0.3%               | -19.8%              |
| Oct-25              | 626          | 3,236         | Oct-25   | 8.5%         | -4.3%         | Oct-25 | 35,561             | 8,850               | Oct-25      | -0.4%              | -18.3%              |
| Nov-25              | 575          | 3,299         | Nov-25   | 10.4%        | -4.0%         | Nov-25 | 35,605             | 8,950               | Nov-25      | -0.5%              | -17.3%              |
| Dec-25              | 657          | 2,946         | Dec-25   | 16.7%        | -3.9%         | Dec-25 | 35,671             | 9,080               | Dec-25      | -0.4%              | -16.1%              |
| Jan-26              | 598          | 2,292         | Jan-26   | 0.0%         | -3.2%         | Jan-26 | 35,935             | 9,350               | Jan-26      | -0.3%              | -15.8%              |
| Feb-26              | 485          | 2,253         | Feb-26   | 0.0%         | -2.4%         | Feb-26 | 35,979             | 9,350               | Feb-26      | -0.2%              | -15.8%              |
| Mar-26              | 648          | 2,034         | Mar-26   | -1.5%        | -3.6%         | Mar-26 | 36,001             | 9,350               | Mar-26      | -0.1%              | -14.0%              |
| Apr-26              | 371          | 1,158         | Apr-26   | -2.6%        | -1.8%         | Apr-26 | 36,200             | 9,700               | Apr-26      | 0.1%               | -6.0%               |
| May-26              | 371          | 1,191         | May-26   | -2.6%        | -1.8%         | May-26 | 36,200             | 9,750               | May-26      | 0.1%               | -6.0%               |
| Jun-26              | 293          | 1,561         | Jun-26   | 1.7%         | 5.5%          | Jun-26 | 36,222             | 9,800               | Jun-26      | 0.2%               | -7.6%               |
| Jul-26              | 306          | 1,287         | Jul-26   | -1.6%        | -3.0%         | Jul-26 | 36,310             | 10,070              | Jul-26      | -0.2%              | -8.2%               |
| Aug-26              | 272          | 1,034         | Aug-26   | -1.8%        | -2.8%         | Aug-26 | 36,420             | 10,080              | Aug-26      | -0.1%              | -13.8%              |
| Sep-26              | 326          | 1,109         | Sep-26   | 0.0%         | -2.6%         | Sep-26 | 36,707             | 10,150              | Sep-26      | 0.7%               | -13.2%              |
| Oct-26              | 486          | 1,131         | Oct-26   | 0.0%         | -5.0%         | Oct-26 | 36,817             | 10,500              | Oct-26      | 0.6%               | -8.7%               |
| Nov-26              | 476          | 1,131         | Nov-26   | 0.0%         | -5.0%         | Nov-26 | 36,861             | 10,530              | Nov-26      | 0.7%               | -8.4%               |
| Dec-26              | 543          | 1,131         | Dec-26   | 0.0%         | -5.0%         | Dec-26 | 36,883             | 10,550              | Dec-26      | 0.6%               | -8.3%               |
| Jan-27              | 407          | 115           | Jan-27   | 0.0%         | -14.8%        | Jan-27 | 37,324             | 10,780              | Jan-27      | 0.8%               | -17.1%              |
| Feb-27              | 372          | 115           | Feb-27   | 0.0%         | -14.8%        | Feb-27 | 37,368             | 10,800              | Feb-27      | 0.7%               | -16.9%              |
| Mar-27              | 370          | 115           | Mar-27   | 0.0%         | -14.8%        | Mar-27 | 37,412             | 10,830              | Mar-27      | 0.7%               | -16.7%              |
| Apr-27              | 297          | 115           | Apr-27   | 0.0%         | -4.2%         | Apr-27 | 37,523             | 11,200              | Apr-27      | 0.8%               | -11.1%              |

Source: CME



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