FIS

# Battery Metals Weekly Report

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**Lithium Salt and Spodumene Market:**

⇒ **FastMarket Lithium Hydroxide:** Our view is short-run **Neutral to Bullish**. As the September -November battery consumption peak nears, higher production schedules for ternary materials and lithium iron phosphate mean lithium salts tend to rise.

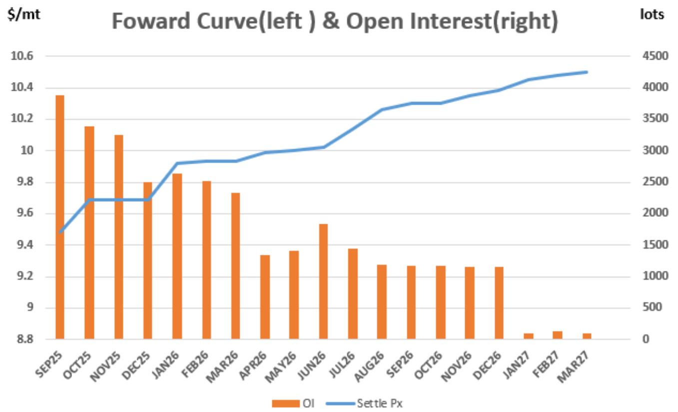
⇒ **FastMarket Spodumene:** Our view is short-run **Neutral to Bullish**. Lithium ore has stabilized after falling, supported by spot demand as expected. The ores potentially rebound above $1,000/ton, though caution is needed—rising shipments from mines could cap its upward room.

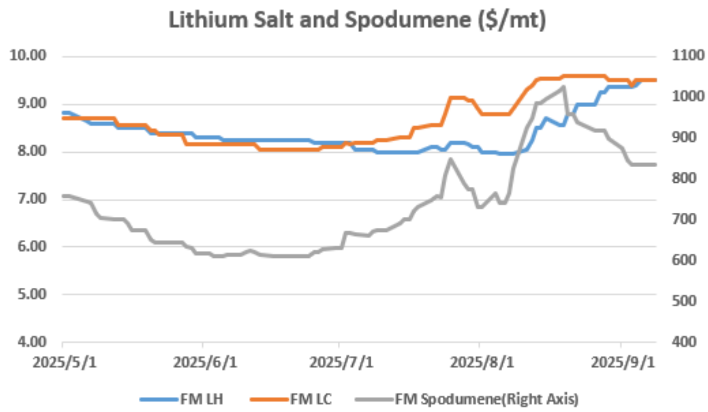
| Prices Movement | 9-Sep | 2-Sep | Changes % | FIS Sentiment |
|---|---|---|---|---|
| **FastMarket Lithium Hydroxide Monohydrate CIF China, Japan & Korea ($/kg)** | 9.50 | 9.38 | + 1.28% | Neutral to Bullish |
| **FastMarket Lithium Carbonate Spot CIF China, Japan & Korea ($/kg)** | 9.50 | 9.50 | - | Neutral to Bullish |
| **SMM Lithium Carbonate Spot China(yuan/ton)** | 74,850 | 78,256 | - 4.35% | Neutral to Bullish |
| **FastMarket Cobalt 30% ($/kg)** | 13.82 | 13.40 | +3.13% | Neutral |
| **FastMarket Spodumene min 6% Asia ($/ton)** | 835.0 | 875.0 | - 4.75% | Neutral to Bullish |

Lithium salts saw divergent trends last week: lithium hydroxide rebounded on tight supply and peak-season stockpiling, while lithium carbonate dropped sharply amid short-term speculative arbitrage.

GFEX basis narrowed again from 5,000yuan/ton to -1,000/ton as expected. Earlier, rising GFEX warehouse warrants spurred futures buying for cash-and-carry arbitrage, which lifted futures prices. With arbitrage margins gone, the basis potentially return to 3,000yuan/ton ahead—a strategy occurred frequently in the past three months. Market sentiment is focused on supply contraction expectations, given the long lag between mine qualification approval and actual production. Notably, GFEX warehouse receipts have surged six times from August 1st to September 6th.

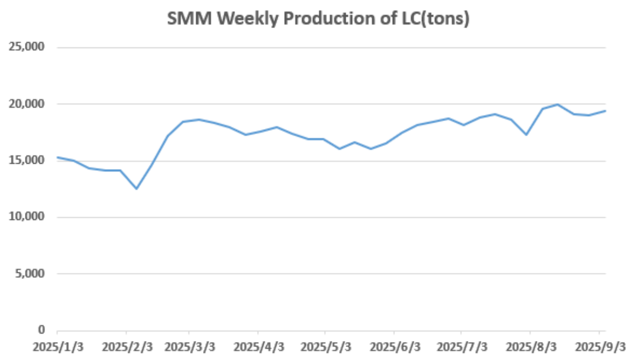
Both lithium salts and spodumene dropped early on last week, pressured by GFEX's sentiment-driven decline and buying vacuum. In the second half of the week, the stabilizing futures market brought in a flood of spot lithium salt buyers—an indication of robust demand, as buyers bided their time for optimal price entry. Lithium hydroxide trades were concluded at $11.2/kg, and lithium carbonate saw substantial trading across the $9-10.15/kg range, with activity far exceeding previous week. Lithium spodumene traded at a low of $800/ton, though overall bid and offer levels have moved higher.  According to SMM, lithium carbonate inventories fell by 1,000 tons to 140,000 tons in September, yet remain near historical highs. The inventory drawdown pace was slower than the same period in last year. Notably, lithium carbonate output in August-September stayed at historically high levels, indicating that increased production from salt lakes has offset the supply gap from maintenance and production halts.



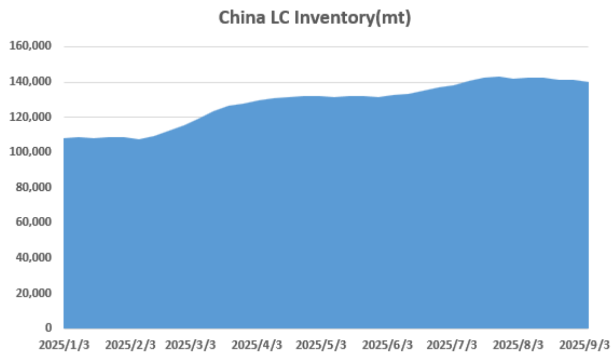




***Data Sources: Bloomberg, SMM, Fastmarket, FIS***

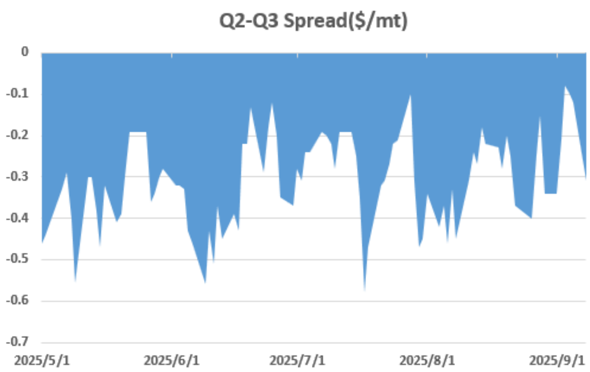
## Lithium Salt and Spodumene Market(Cont'd):



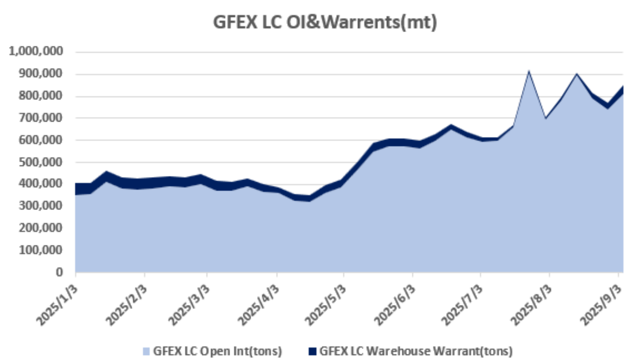

In August, Chile exported 18,145 tons of lithium, with lithium carbonate exports totaling 16,112 tons—registering a 20% m-o-m drop and an 11% y-o-y decrease. Chile's lithium carbonate shipments to China have fallen for four straight months. For H2, factors including resumed arrivals of Mali's lithium ore, higher production at Xinjiang Dahongliutan, and restarted lithium mica operations potentially help offset the supply loss from Jiangxi's suspended mines.




Price rebounds are attributed to arbitrage opportunities in the futures market on one hand, and the continuation of undervaluation recovery on the other. However, the upward momentum driven by anti-involution policies will largely depend on the shift from supply surplus to balance. Notably, cumulative power battery installations in the first eight months surged 121%, ensuring full-year demand growth will definitely exceed the 15-20% range predicted by many research institutions. Thus, the market may have higher expectations for future lithium salt contracts, especially those for Q4 and Q1 next year. Lithium salt production schedules in September were significantly lower than those of ternary materials and lithium iron phosphate, coupled with the upcoming release of mining permits for some mines at the end of September, some investors are speculating on a strong performance of lithium salts in September. As the September-November peak season approaches, the rebound in downstream raw material inventories reflects proactive stockpiling for the peak season and the China National Day long holiday. Currently, the share of customer-supplied materials is relatively low, enhancing the pricing power of spot market.



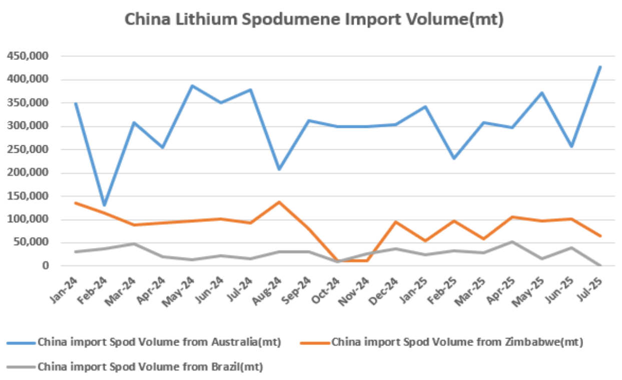

Our estimate shows July's supply surplus was only 3.25%—the lowest month in 2025. The low surpluses or tight balance are expected in August and September. All calculations are excluding the direct impact of unforeseen future risk events on supply and demand.




The rolling Q2-Q3 spread narrowed from the initial range of -$0.1/kg to -$0.5/kg to -$0.35/kg to -$0.15/kg. It is recommended to wait until the spread widens again.

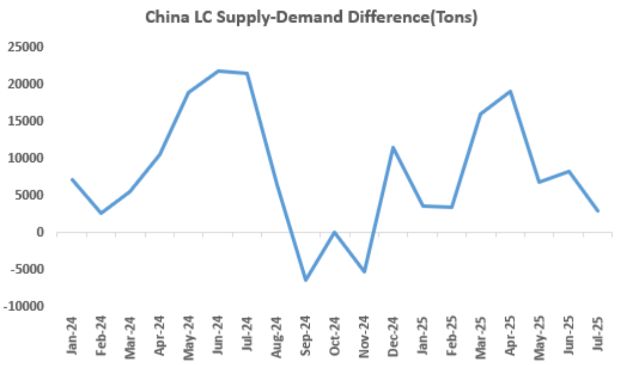
***Data Sources: Bloomberg, SMM, Fastmarket, FIS***

## Lithium Salt and Spodumene Market(Cont'd):




GFEX lithium carbonate open interest climbed further last week to a three-week high of 811,867 tons, as increased new capital inflows paved the way for higher volatility.

In our view the volatility is bullish. In our view both long-term and short-term trends skewed bullish.

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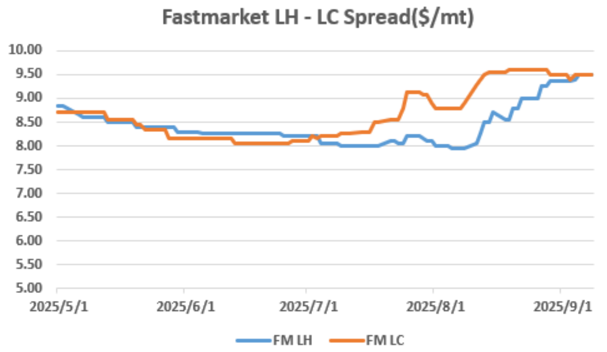
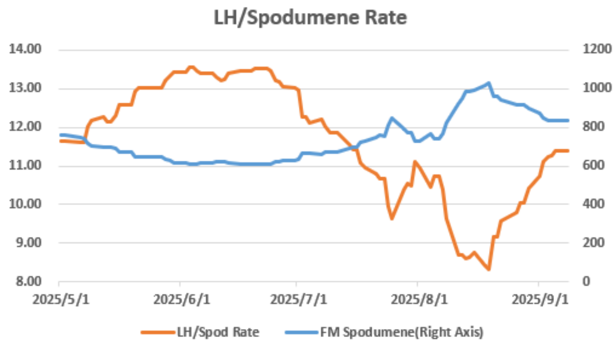
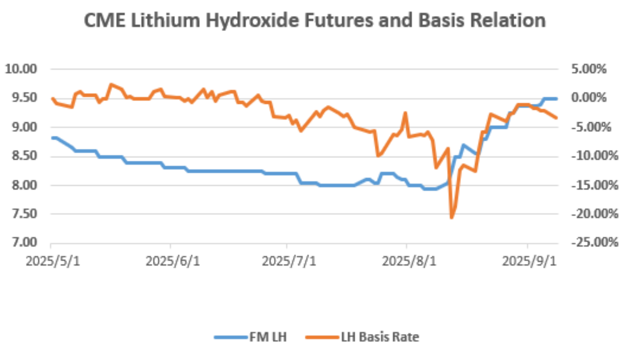


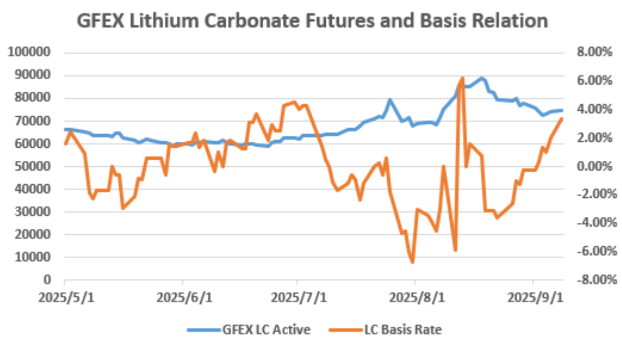

- Spread correction is underway, as LH keeps rallying to catch up, supported by tight supply and brisk spot trades.




- While the salt-to-mine ratio has repaired, expectations of mine price strength have surfaced, implying this ratio could decline again later.




- Since mid-August, the basis rate has oscillated narrowly—a sign that more investors have engaged in cash-and-carry arbitrage recently, stabilizing the basis within a certain range.




- New capital entering GFEX lithium carbonate reached a three-week peak, leaving room for further volatility increases ahead.

***Data Sources: Bloomberg, SMM, Fastmarket, FIS***

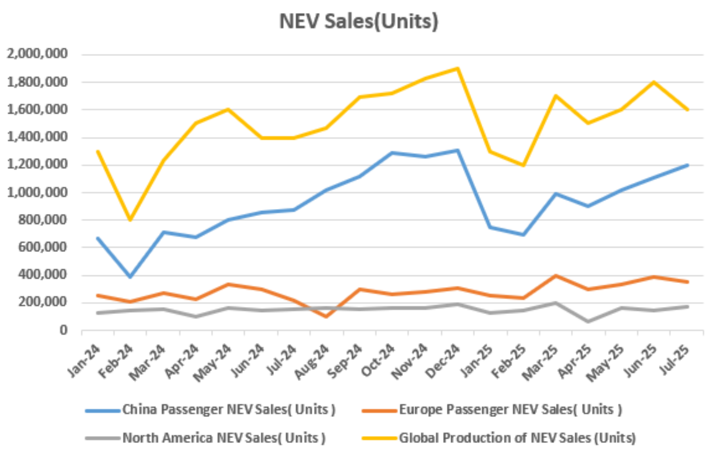
## Battery Components and Downstream Market:

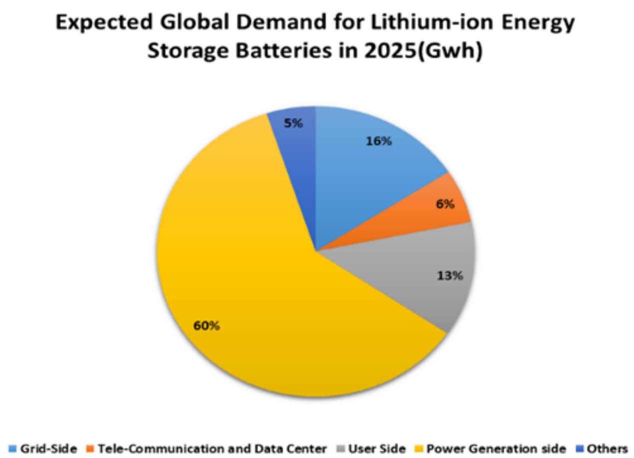
| Prices Movement | Last | Previous | Changes % |
|---|---|---|---|
| **6-Series Ternary Precursors (yuan/ton)** | **73,450** | **73,025** | **+ 0.58%** |
| **Prismatic Ternary Cells (yuan/Wh)** | **0.63** | **0.63** | - |
| **Lithium Iron Phosphate - Power (yuan/ton)** | **37,640** | **38,550** | **- 2.36%** |
| **High-end Power Graphite(yuan/ton)** | **33,050** | **33,050** | - |

Global major enterprises' battery production schedule for September reached 153 GWh, up 39% y-o-y and 7% m-o-m, indicating strong resilience in lithium salt downstream demand expectations. Currently, market rumors suggest relevant authorities will conduct a mid-term review in September 2025 on the 6 billion yuan solid-state battery major R&D program, with a second round of subsidy application window possibly opening afterward.

In August, China domestic ternary material output rose 6.99% m-o-m but fell 5.07% y-o-y, while industry operating rate rebounded to 48%. As the September-November battery production peak season arrives, there remains significant room for further improvement in operating rates. Rising prices of nickel, cobalt, and lithium raw materials have supported ternary material prices—supply of ternary materials is tight, and demand is gradually increasing from August to October. August LFP battery output hit 123 GWh, up 14% m-on-m and 54% y-o-y.

China graphite supply is relatively abundant, with August output up 13% m-o-m, yet prices remained stable in July-August. Peak-season demand for graphite is well-supported by both power battery and energy storage sectors. Additionally, the US exclusion of graphite from tariff coverage serves as a direct positive for exports, which may push up the September price range of anode materials.

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