

16/9/2025

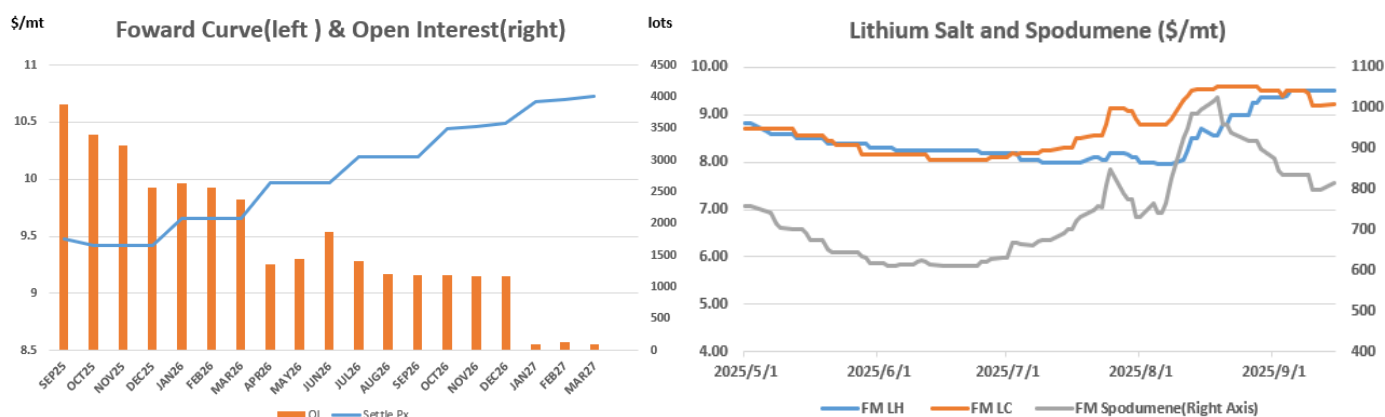
Lithium Salt and Spodumene Market:

- ⇒ **FastMarket Lithium Hydroxide:** Our view is short-run **Neutral to Bullish**. Lithium salts plummeted due to news of an earlier-than-expected resumption of mining operations in Jiangxi. However, driven by subsequent undervaluation combined with favorable macro policies in China, the market has seen a sentiment-driven recovery.
- ⇒ **FastMarket Spodumene:** Our view is short-run **Neutral to Bullish**. After spodumene followed lithium salts in a decline, its cost-effectiveness has become prominent. With the arrival of the peak season, demand resilience will continue to support spodumene in rebounding.

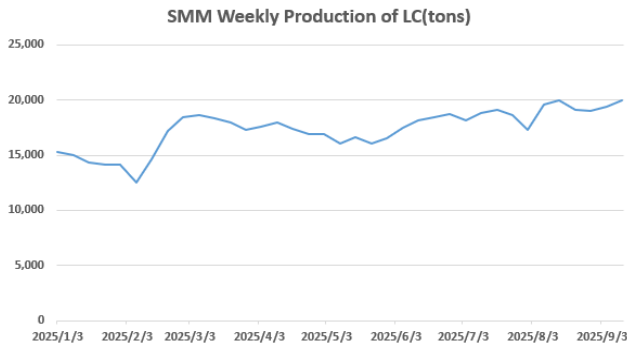
| Prices Movement | 15-Sep | 8-Sep | Changes % | FIS Sentiment |
|--------------------------------------------------------------------------------------|---------------|---------------|----------------|---------------------------|
| FastMarket Lithium Hydroxide Monohydrate CIF China, Japan & Korea (\$/kg) | 9.50 | 9.50 | - | Neutral to Bullish |
| FastMarket Lithium Carbonate Spot CIF China, Japan & Korea (\$/kg) | 9.23 | 9.50 | - 2.84% | Neutral to Bullish |
| SMM Lithium Carbonate Spot China(yuan/ton) | 72,380 | 74,850 | - 3.30% | Neutral to Bullish |
| FastMarket Cobalt 30% (\$/kg) | 14.10 | 13.82 | +2.03% | Neutral |
| FastMarket Spodumene min 6% Asia (\$/ton) | 815.0 | 835.0 | - 2.40% | Neutral to Bullish |

Early last week, CATL held a meeting on resuming production at the Jianxiawo lithium mine. Markets interpreted this as a signal that the production might restart sooner than expected. This led to the front-loading of supply and a sharp drop in lithium salt prices. Lithium carbonate futures on the GFEX nearly reached their limit last Tuesday. With an expected annual output of 80,000 tons, this mine could a significant increase to the market supply. However, skepticism over the actual resumption timeline led to a rebound in prices.

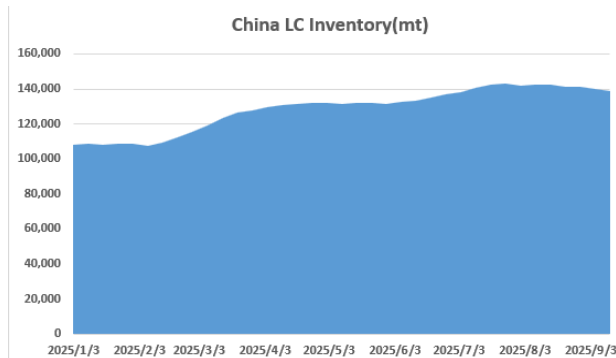
During the past week, multiple government departments in China jointly rolled out policies to stabilize growth and boost consumption in the automotive industry, and the market expects automotive demand to remain robust in Q4. The China Passenger Car Association predicts that NEVs will keep a high growth rate in 2025. After the recent smooth conclusion of China-US trade discussions in Spain, the market believes that there will be a new wave of opportunity for the export of batteries and automobiles in the future. There have been frequent new developments in curbing "involution" in the photovoltaic and automotive industries. Policies have been introduced to eliminate ineffective production capacity and competition, shifting the industries from a period of scale expansion to a cycle of quality improvement. The market has interpreted these developments as bringing support to prices of oversold commodities. CATL hit a new all-time high since its listing last week, with a year-to-date increase of nearly 40%.



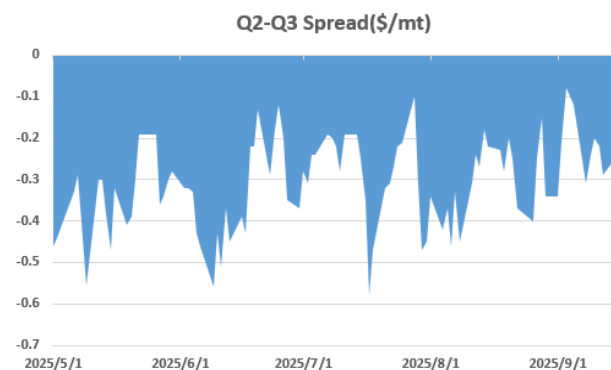
Lithium Salt and Spodumene Market(Cont'd):



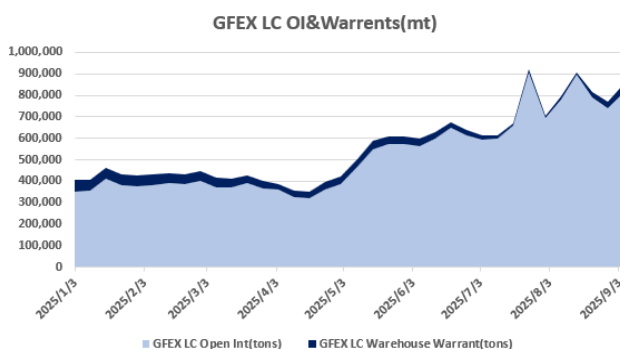
From a supply-demand perspective, energy storage orders grew at a faster pace in September. After leading enterprises reached full capacity utilization, orders began to flow to SMEs. Meanwhile, the production scheduling of NEVs kept a high growth rate in September, with power battery cell production scheduling accelerating accordingly. As a result, the growth rate of lithium salt demand from downstream sectors was roughly on par with the accelerated supply during August-September.



In terms of import spot lithium market last week, the market was dragged down by the sharp drop in lithium carbonate prices at the beginning of the week. Selling momentum was present on Monday, while price negotiations came to a standstill. However, the spot market witnessed a turnaround in the middle of the week, with robust trading activity in lithium salts. A small volume of lithium hydroxide trades were concluded at the high level of \$11.2/kg, while lithium carbonate recorded heavy trading around the index level and lower range, specifically between \$8.8-9.3/kg. Last week, demand for spodumene recovered notably, with transactions concluded at \$800-810/ton, supporting the index. In 2025, the proportion of spodumene used in lithium carbonate production has increased from 40% to 55%. The ratio is expected to climb above 60% in the upcoming fourth quarter. Going forward, the rigid price floor of spodumene will prevent lithium salt prices from plummeting again. As lithium salt producers have completed a round of procurement, the marginal demand for spot lithium ore has weakened.



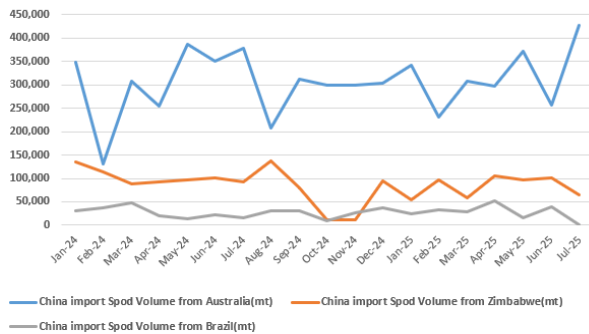
In 2024, the energy storage demand and the installation rate was relatively low, with lithium salt demand relying more on electric vehicles. However in 2025, energy storage demand has witnessed a significant increase in the second half, driving up the installation rate and opening up the demand space for lithium salts in the energy storage sector.



The resumption of production in the Jiangxi mines require a final conclusion on taxes and fees, reserves, safety permits, equipment, and tailings treatment. This could take 9 to 12 months. This period is not coherent with the market's initial anticipation of 3 months. Furthermore, when production restarts, taxes and fees will be diluted over a large area, raising the valuation.

Lithium Salt and Spodumene Market(Cont'd):

China Lithium Spodumene Import Volume(mt)



Recently, the Brazilian Federal Prosecution Service has asked the National Mining and Metallurgy Agency to suspend the issuance of permits for some lithium mine projects in Minas Gerais, due to several issues. The Australian company Mineral Resources announced on Wednesday that it will start the maintenance of its Bald Hill lithium mine in Western Australia from this week. The projected shipment volume for the 2025 fiscal year is lowered to 60,000 tons from the earlier - expected 120,000 to 145,000 tons. Australia's Galan Lithium's lithium salt project in Argentina is expected to reach an output of 21,000 tons of LCE in 2026, and increase production by 20,000 tons annually in the following two years.

China LC Supply - Demand(tons)



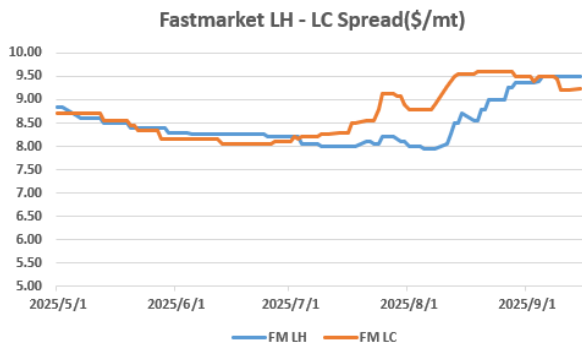
The opportunity for cash-futures arbitrage has persisted during this year. The basis has fluctuated between -1,000 yuan/ton and 4,000 yuan/ton, and the trading frequency has shortened from 10 days to 2 days. The warehouse warrants on the GFEX hit a high of 38,900 tons, the highest since March. Evidently, the number of investors engaging in cash-futures trading has grown.

The rolling Q2-Q3 spread narrowed from the initial range of -\$0.1/kg to -\$0.5/kg to -\$0.45/kg to -\$0.15/kg. It is recommended to wait for the spread to widen again, whether towards the upper or the lower bound.

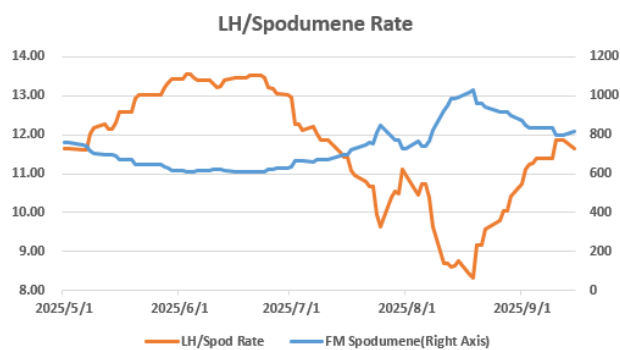
In our view the volatility is bullish.

In our view the short-term trend has skewed bullish.

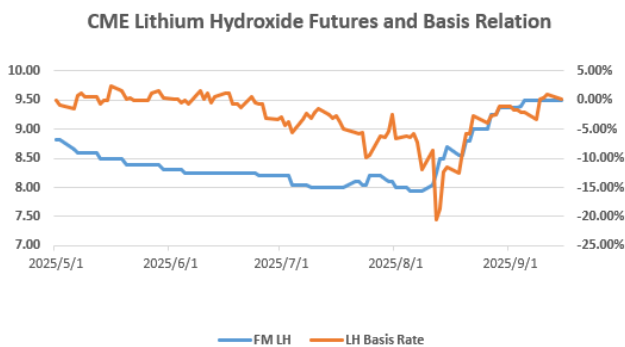
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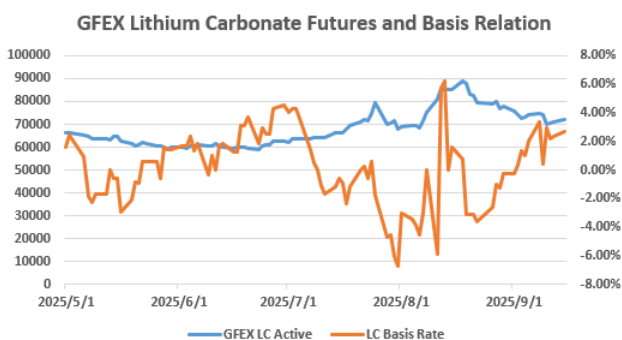
- The LH-LC spread has continued to widen, moving from -\$1.25/kg in mid-August to \$0.3/kg. This trend can be attributed to limited spot supply of LH in August and September, coupled with a steady increase in the supply of LC over the same period.



- The ratio of lithium ore prices to spot lithium salt prices has recovered. Since there are expectations of ore price increasing, this ratio could decline going forward.



- The basis rate has fluctuated within a narrow range since mid-August, which indicates a growing number of investors engaging in cash-futures arbitrage recently.



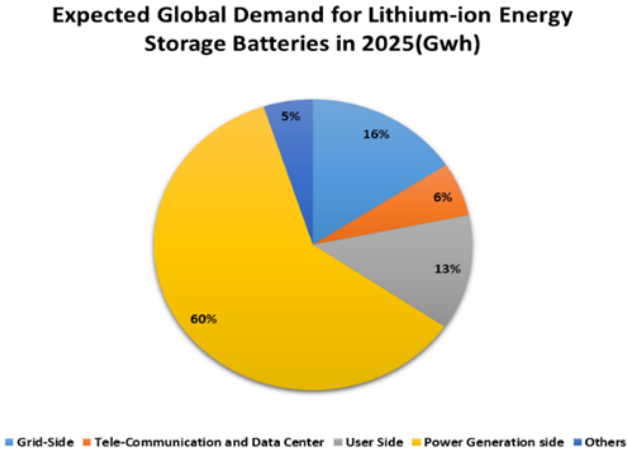
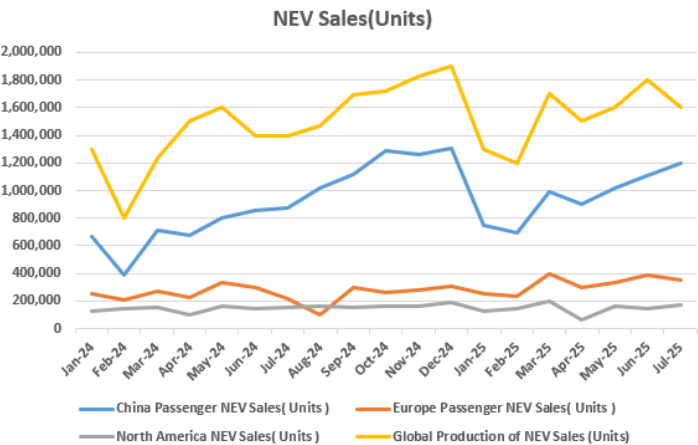
- The GFEX lithium carbonate open interest decreased during the past week after hitting the year-high in early September.

Battery Components and Downstream Market:

| Prices Movement | Last | Previous | Changes % |
|-------------------------------------------|--------|----------|-----------|
| 6-Series Ternary Precursors (yuan/ton) | 74,750 | 73,450 | + 1.77% |
| Prismatic Ternary Cells (yuan/Wh) | 0.64 | 0.63 | + 1.59% |
| Lithium Iron Phosphate - Power (yuan/ton) | 37,120 | 37,640 | - 1.38% |
| High-end Power Graphite(yuan/ton) | 33,050 | 33,050 | - |

China MIIT and multiple government departments have released a plan for stabilizing the growth of the automotive industry, with expectations that more policies to boost auto sales and promote high-quality development of the sector will be rolled out. NEVs are projected to see a year-on-year sales growth rate of 20% in 2025. From January to August, China’s cumulative installed capacity of power batteries reached 417.9 GWh, representing a year-on-year increase of 43.1%. During the same period, the cumulative production of NEVs in China rose by 37.3% year-on-year, while their export volume surged by 83.8% year-on-year. Notably, the restrictions imposed by the US Internal Revenue Service on imported NEVs do not apply to vehicle purchase contracts signed before 30th September. The market thus regards September as the final window for accelerating exports before deadline.

Entering September, the production scheduling of ternary cathode materials increased by 1% month-on-month, while that of LFPs materials rose by 4.6% month-on-month. Recently, enterprises engaged in LiPF production have been facing low profit margins, leading to weak willingness for proactive production scheduling. However, orders for electrolytes have grown rapidly, and production scheduling is expected to increase in the subsequent period. Data from SMM shows that China’s LiPF output in August increased by 9.5% month-on-month and 30% year-on-year.



Data Sources: Bloomberg, SMM, Fastmarket, FIS

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