

23/9/2025

## Lithium Salt and Spodumene Market:

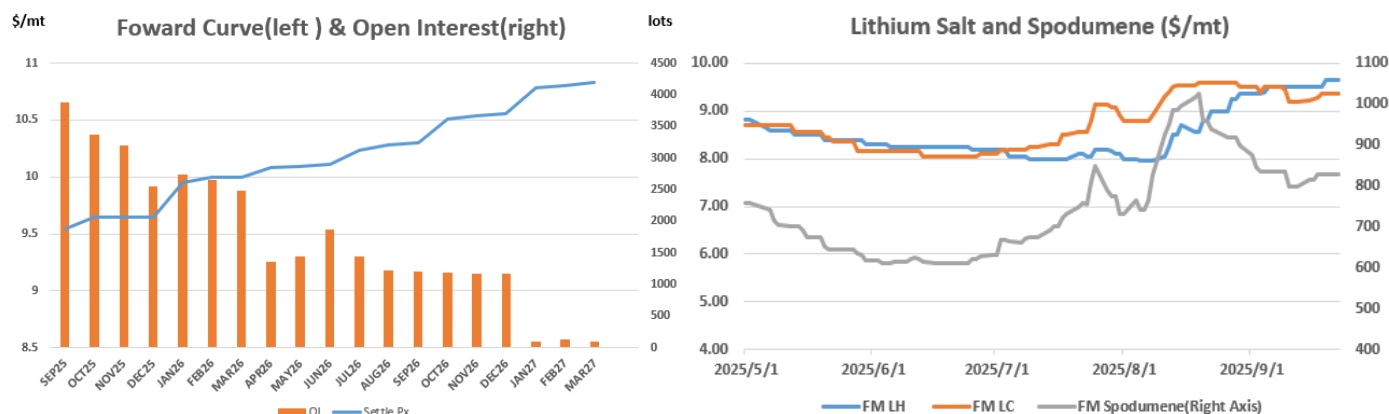
- ⇒ **FastMarket Lithium Hydroxide:** Our view is short-run **Neutral to Bullish**. After sharp fluctuations, lithium carbonate traded in a narrow range last week, with significant open interest decline seen on the GFEX. Strong demand from both the EV and energy storage sectors during the peak season has kept downstream procurement activity robust.
- ⇒ **FastMarket Spodumene:** Our view is short-run **Neutral to Bullish**. Lithium spodumene stabilized and rebounded after reaching \$800/ton, once again confirming the effectiveness of this key psychological support level. However, it is noteworthy that after shipments from Australia decreased, African mines quickly ramped up their shipments to compensate.

Prices Movement	22-Sep	15-Sep	Changes %	FIS Sentiment
<b>FastMarket Lithium Hydroxide Monohydrate CIF China, Japan &amp; Korea (\$/kg)</b>	<b>9.65</b>	<b>9.50</b>	<b>+ 1.58%</b>	<b>Neutral to Bullish</b>
<b>FastMarket Lithium Carbonate Spot CIF China, Japan &amp; Korea (\$/kg)</b>	<b>9.38</b>	<b>9.23</b>	<b>+ 1.63%</b>	<b>Neutral to Bullish</b>
<b>SMM Lithium Carbonate Spot China(yuan/ton)</b>	<b>73,842</b>	<b>72,380</b>	<b>+ 2.02%</b>	<b>Neutral to Bullish</b>
<b>FastMarket Cobalt 30% (\$/kg)</b>	<b>14.6</b>	<b>14.1</b>	<b>+ 3.55%</b>	<b>Neutral to Bullish</b>
<b>FastMarket Spodumene min 6% Asia (\$/ton)</b>	<b>830.0</b>	<b>815.0</b>	<b>+ 1.84%</b>	<b>Neutral to Bullish</b>

Following the long-awaited interest rate cut by the Fed, overall commodity volatility declined. After two months of sustained high volatility, the lithium salt market has returned to a narrow trading range. Last week, lithium salts and battery raw materials all strengthened as anticipated, and we maintain our outlook going forward. The market will continue to focus on two key factors:

1. Developments regarding mining permits for Jiangxi-based mines;
2. Whether other mines can maintain high spodumene shipment volumes following the reduction from Australia.

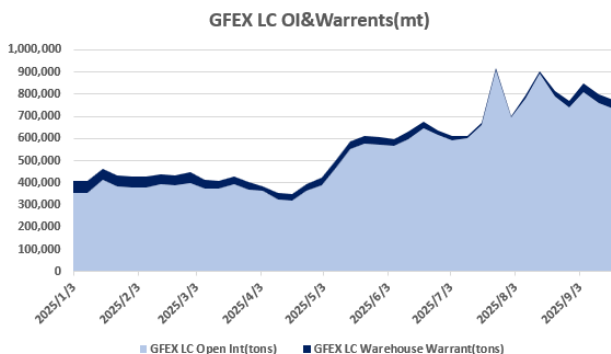
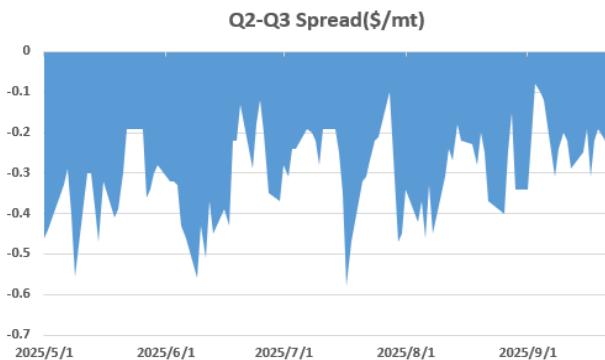
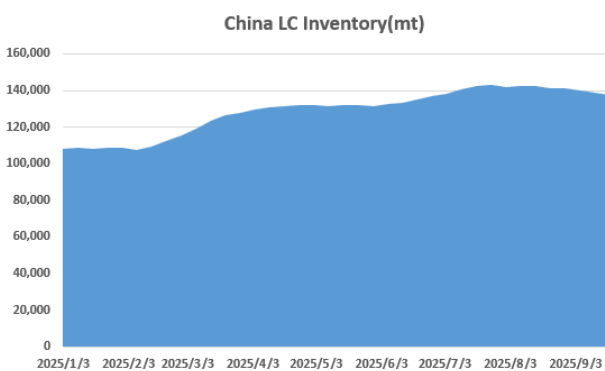
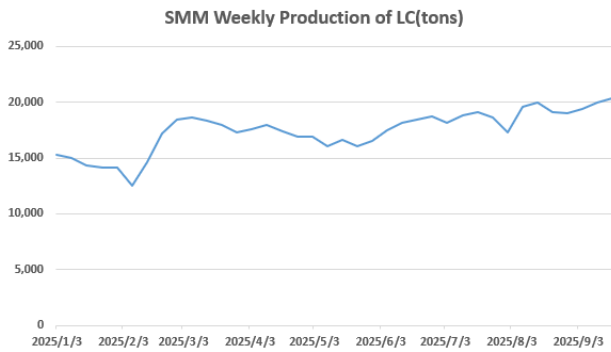
Currently, China is in the peak demand season for both power and energy storage batteries, with downstream procurement activity remaining robust. The Chinese Ministry of Industry and Information Technology (MIIT) started drafting an industrial development plan for advanced batteries, aiming to strengthen the coordinated planning of the sector. Goldman Sachs forecasts that lithium prices will decline from the current \$9,150/ton to \$8,900/ton in 2026, while expressing optimism as prices are expected to rise to \$9,100/ton in 2027 and \$9,500/ton in 2028. Open interest in lithium carbonate futures on the GFEX has dropped sharply by 9.5% over the past two weeks, while CME lithium hydroxide saw a modest increase in positions during the same period.



Data Sources: Bloomberg, SMM, Fastmarket, FIS

Freight Investor Services 2025

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



Warehouse warrants on the GFEX are gradually accumulating. Given the relatively high spot market activity, there remain ample opportunities for cash-and-carry arbitragers.

Lithium salts rebounded last week, with spodumene spot prices showing a more pronounced recovery. Lithium Carbonate was traded around \$9/kg, while LH saw trades in \$8.65-9.5/kg range. The spodumene index staged a rapid rebound after dipping to \$800/ton, confirming the strength of this support level. Spot spodumene briefly touched \$800/ton, but traded generally between \$810-\$845/ton for the week. The fundamental logic supporting spodumene at these bottom levels remains relatively solid.

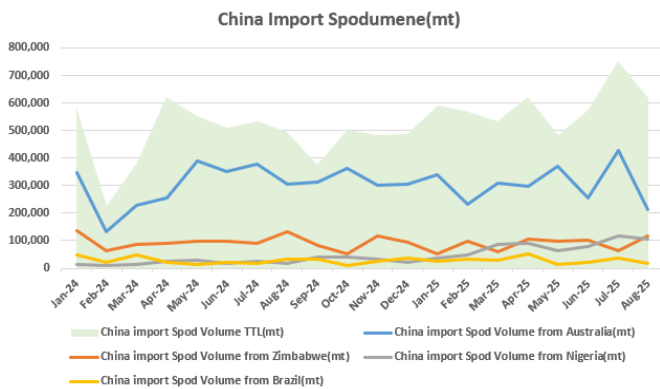
Late last week, a salt lake in Qinghai, China experienced a pollution incident affecting water resources due to tailings disposal issues. This particular lake has an annual production capacity exceeding 10,000 tons of LCE. While the immediate impact appears limited, investors will be monitoring closely for any potential escalation that could affect other industry players. Separately, Brazil's Banderira project is expected to commence production in the second half of next year, with an anticipated annual output of 177,000 tons of spodumene concentrate.

Based on the current balance sheet, China's cumulative surplus of lithium carbonate from January to August is estimated at 68,000 tons, compared with 83,000 tons in the same period last year and 57,000 tons in 2023. Although some institutions still anticipated a full-year surplus of 120,000 to 150,000 tons at mid-year, the ongoing easing of the surplus suggests the annual figure could be lower than 90,000 tons. The market is undergoing a structural shift. The share of lithium carbonate production from spodumene is rising, and the share from lepidolite is falling. As a result, supply problems in the lepidolite segment are becoming less significant.

Concurrently, spodumene prices have found support at \$800/ton and rebounded, a sign that lithium carbonate may be near its relative bottom. Higher costs are affecting lepidolite-based production in Jiangxi after mine restarts, mainly due to mineral resource taxes.

In August, spodumene imports fell 17.5% month-on-month to 619,000 tons. Shipments from Australia halved as high-cost mines reduced output. Lithium carbonate imports rose 58% month-on-month to 22,000 tons. Chile drove most of the increase.

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



SMM data shows lithium carbonate inventories fell for six consecutive weeks, dropping from 142,400 tons to 137,500 tons. The structure improved as stock shifted downstream from social and smelter inventories. Domestic production rebounded for three consecutive weeks, climbing from 19,030 tons to 23,630 tons. Despite a larger surplus in August than in June and July, current data suggests September may be the tightest supply month this year.

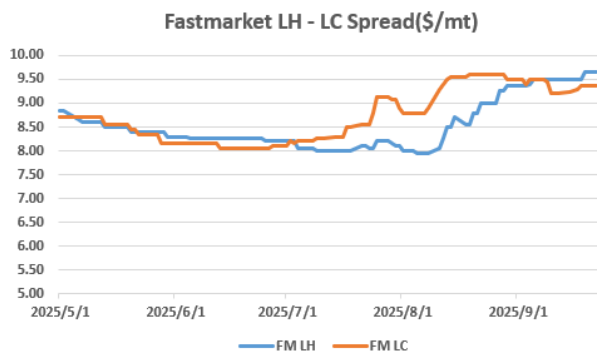
The rolling Q2-Q3 spread is trading in a narrow range between  $-\$0.3/\text{kg}$  and  $-\$0.2/\text{kg}$ , offering limited short-term opportunities. We maintain our view from previous reports and recommend seeking range-bound trading opportunities near the extremes of the band, around  $-\$0.4/\text{kg}$  or  $-\$0.15/\text{kg}$ .

In our view the volatility is bullish.

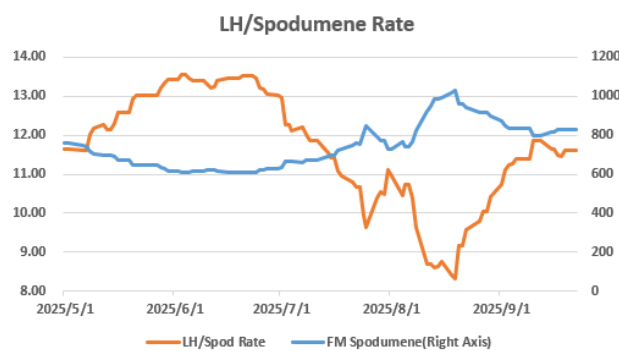
In our view the short-term trend is skewed bullish.



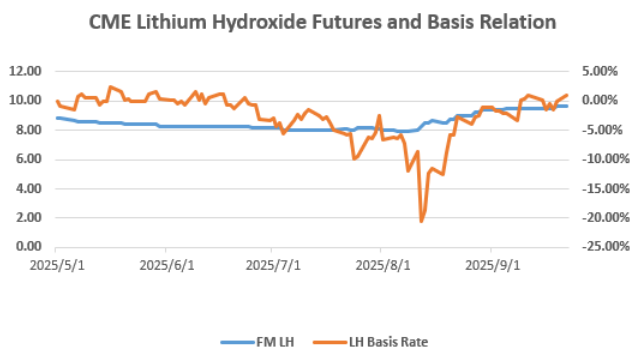
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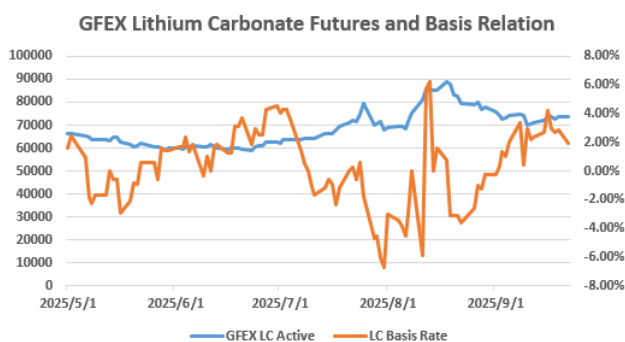
- The LH-LC spread remains elevated. Tight spot supply of lithium hydroxide, combined with lithium salt prices near historical lows, is providing stronger support at the bottom.



- The ratio of spodumene to lithium salt edged lower, indicating solid support at the spodumene price floor. Further downside movement could attract additional buying interest. Seasonal demand for raw materials remains relatively firm, especially while profitability persists.



- The basis rate has ticked higher, suggesting lithium salt spot prices are unlikely to decline sharply during the peak demand season.



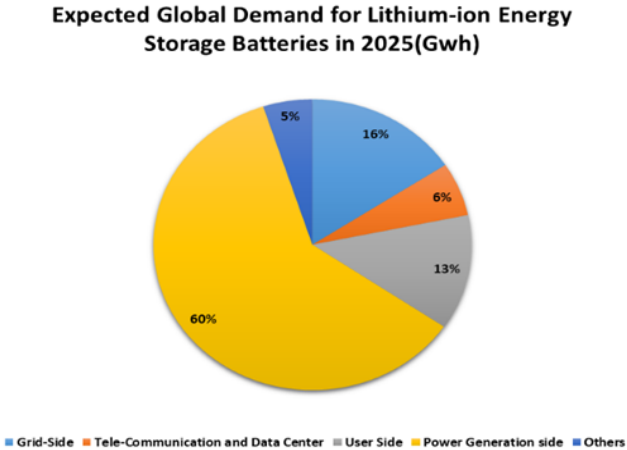
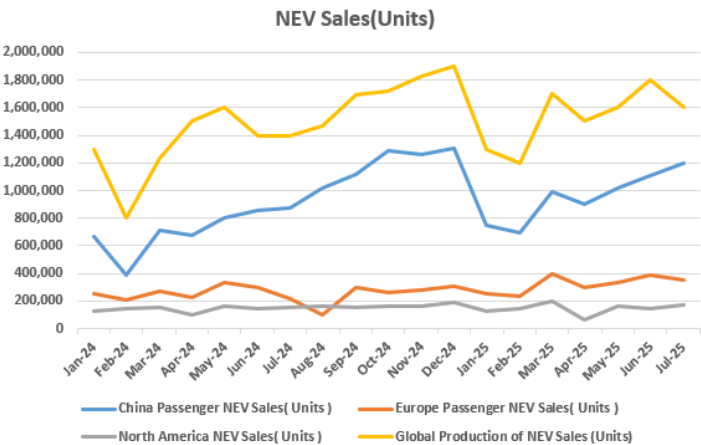
- The open interest in GFEX lithium carbonate has fallen for two consecutive weeks, primarily as some speculators exited on declining volatility and certain cash-and-carry arbitrageurs closed their positions upon strategy completion.

Battery Components and Downstream Market:

Prices Movement	Last	Previous	Changes %
6-Series Ternary Precursors (yuan/ton)	75,550	74,750	+ 1.07%
Prismatic Ternary Cells (yuan/Wh)	0.64	0.64	-
Lithium Iron Phosphate - Power (yuan/ton)	37,460	37,120	+ 0.92%
High-end Power Graphite(yuan/ton)	33,050	33,050	-

In August, NEV production and sales reached 1.391 million and 1.395 million units, up 27.4% and 26.8% YoY. For Jan-Aug, production and sales totaled 9.625 million and 9.62 million units, rising 37.3% and 36.7% YoY. Global major battery producers scheduled 153 GWh for September, a 39% YoY increase. NEV demand growth remains stable while energy storage production expansion continues to exceed expectations. Leading companies' storage cell capacity is fully utilized due to rising overseas demand from Europe, the Middle East, and Australia. However, recent high raw material inventories in downstream storage and increased customer-supplied materials have slightly reduced procurement enthusiasm.

In September, NCM cathode material scheduling rose 1% MoM while LFP increased 4.6% MoM. Hex-afluorophosphate lithium producers face low margins, weakening proactive scheduling. However, electrolyte orders are increasing rapidly, indicating potential production growth. SMM data shows China's hexafluorophosphate lithium output rose 9.5% MoM and 30% YoY in August.



Data Sources: Bloomberg, SMM, Fastmarket, FIS

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