

30/9/2025

## Lithium Salt and Spodumene Market:

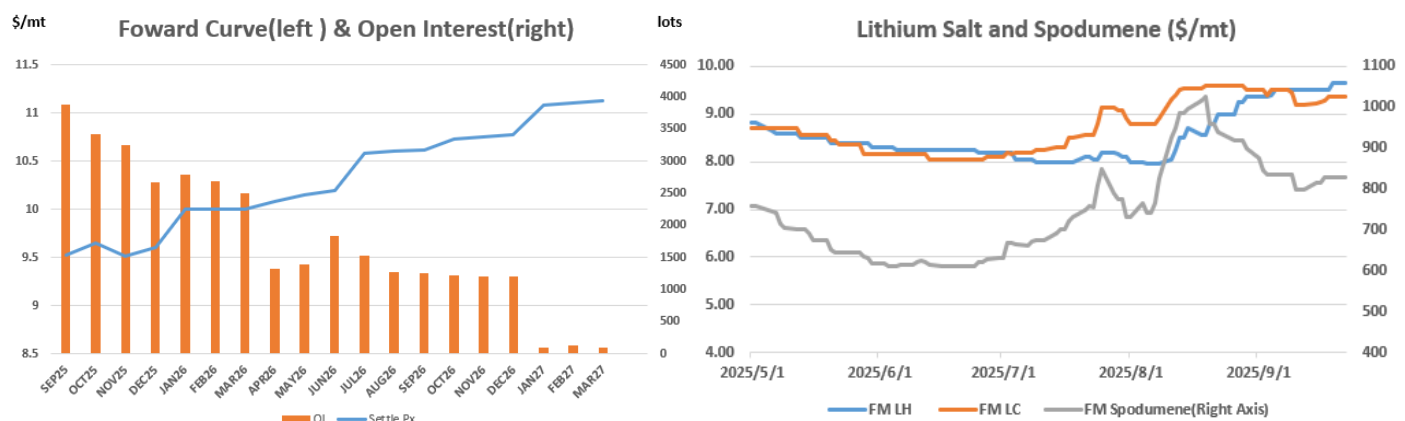
- ⇒ **FastMarket Lithium Hydroxide:** Our view is short-run **Neutral to Bullish**. The volatility of lithium carbonate has decreased significantly, with the basis narrowing too. Pre-China National Day holiday stockpiling has ended, and demand is expected to remain relatively strong after the holiday.
- ⇒ **FastMarket Spodumene:** Our view is short-run **Neutral to Bullish**. Lithium spodumene concentrate has seen limited trades at lower prices, while the majority of deals were concluded at relatively high levels, pointing to a short-term firm market trend.

Prices Movement	29-Sep	22-Sep	Changes %	FIS Sentiment
FastMarket Lithium Hydroxide Monohydrate CIF China, Japan & Korea (\$/kg)	9.60	9.65	- 0.52%	Neutral to Bullish
FastMarket Lithium Carbonate Spot CIF China, Japan & Korea (\$/kg)	9.38	9.38	-	Neutral to Bullish
SMM Lithium Carbonate Spot China(yuan/ton)	73,456	73,842	- 0.52%	Neutral to Bullish
FastMarket Cobalt 30% (\$/kg)	16.25	14.60	+ 11.30%	Neutral to Bullish
FastMarket Spodumene min 6% Asia (\$/ton)	830.0	830.0	-	Neutral to Bullish

Most of the pre-China National Day stockpiling activities for battery metals has ended. The market did not sustain an upward trend, while the inventory structure has shifted from the upstream and midstream sectors to the downstream.

The coexistence of multiple factors, including geopolitical crises, US government debt issuance and capital outflows ahead of China's National Day, drove down risk appetite. This led to a sharp surge in precious metals, while other commodities all pulled back to varying degrees. However, commodities could reverse in 2-3 days, following historical patterns in similar scenarios.

A series of policies for the battery metals industry have been rolled out recently in China. These policies aim to guide and ensure the orderly expansion of state-owned production capacity while improving quality, in turn increasing both costs and supply. Recently, eight ministries and commissions including the Ministry of Industry and Information Technology (MIIT) issued the a plan for stabilizing growth in the non-ferrous metals (copper, alumina, lithium, cobalt, tin) industry, targeting an average annual growth rate of 5% for the value added amount on non-ferrous metals in 2025 and 2026. Xiong Jijun from the MIIT stated that preferential policies such as vehicle purchase tax and vehicle tax for NEVs will be optimized.

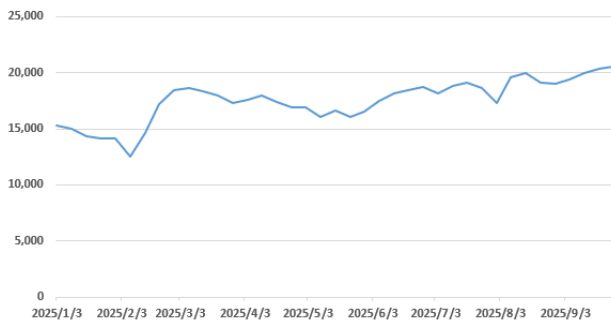


Data Sources: Bloomberg, SMM, Fastmarket, FIS

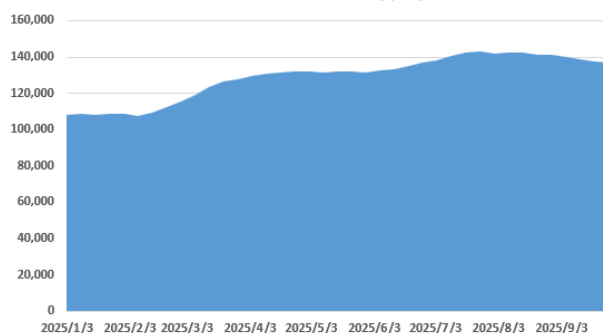
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## Lithium Salt and Spodumene Market(Cont'd):

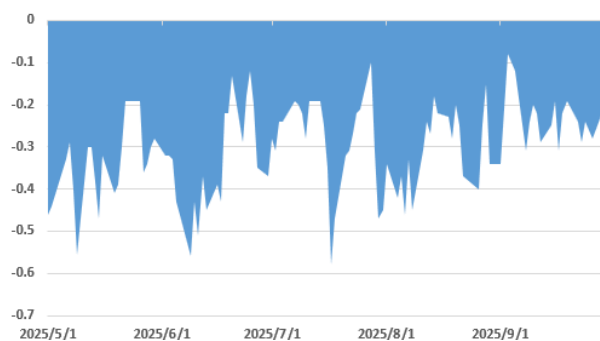
SMM Weekly Production of LC(tons)



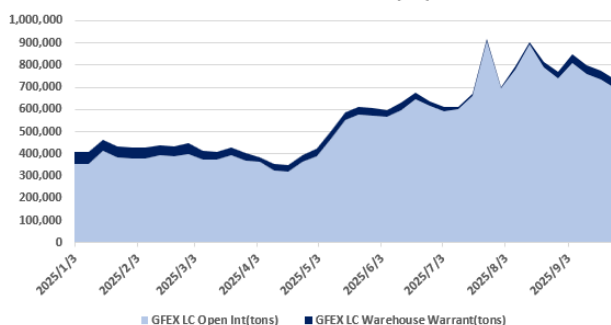
China LC Inventory(mt)



Q2-Q3 Spread(\$/mt)



GFEX LC OI&Warrants(mt)



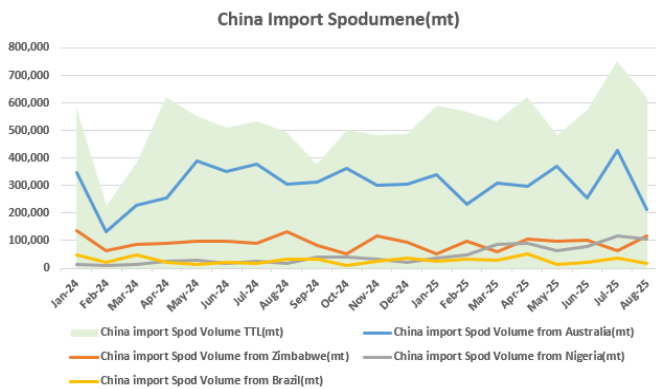
The State Administration for Market Regulation (SAMR) has launched sampling inspections on low-price and low-quality NEVs, aiming to curb irrational competition in the industry.

Last week, the volatility of lithium carbonate dropped sharply, with the volatility of Guangzhou Futures Exchange (GFEX) lithium carbonate futures hitting its lowest weekly level since early July. GFEX's open interest has fallen by 24% compared with the end of July, while trading volume has declined by 67%. Over the same period, the open interest of CME lithium carbonate futures dropped by 12.4%. Calculated based on the futures settlement price, the basis rate has remained at 5‰, leaving limit arbitrage opportunities. The warehouse warrants of lithium carbonate at GFEX have reached 40,329 tons, the highest level since the 7th of March.

The lithium salt index remained nearly unchanged, while trading activity weakened. This was primarily driven by the inventory shift from the upstream and midstream to the downstream, indicating the conclusion of a round of pre-holiday stockpiling. Lithium carbonate trades were concluded at around \$8.8/kg, a figure significantly lower than the index. In contrast, lithium hydroxide supply remained relatively tight, sustaining robust demand for spot orders. Deals for lithium hydroxide ranged between \$9/kg and \$9.5/kg, fluctuating around the index level. The lithium spodumene index stayed steady at \$830/ton throughout the week. Although there were spot trades at \$786/ton and \$790/ton, the majority of deals were concentrated at \$850/ton. Notably, the spot market for spodumene has repeatedly demonstrated strong support at the \$800/ton level. However, given the concentrated arrival of shipments in September, attention should be paid to the risk of whether spodumene can be effectively consumed in mid-to-late October.

Last week, Anson Resources announced the signing of a long-term offtake agreement with LG Energy Solution (LGES), under which Anson will supply 4,000 tons of battery-grade lithium carbonate to LGES annually starting from 2028. Meanwhile, Tibet Mining Industry released an announcement stating that the 10,000-ton battery-grade lithium carbonate project for the green comprehensive development and utilization of Zabuye Salt Lake has been officially put into production. Tianqi Lithium's 30,000-ton battery-grade lithium hydroxide project was formally completed and commissioned.

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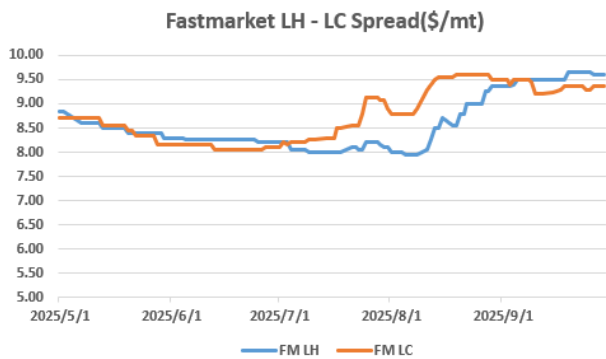
According to data released by SMM, lithium carbonate inventories have declined for seven consecutive weeks, falling to 136,826 tons, indicating a clear destocking trend. Meanwhile, production remains at a record high of 20,516 tons. Based on projections of future production schedules and demand, a shortage of lithium carbonate is highly likely in September-October. However, given the relatively small shortage volume, this situation can be tentatively defined as a "tight balance." Looking back at this year, the lithium carbonate market shifted from oversupply to tight balance starting in May. In contrast, lithium hydroxide did not transition from oversupply to tight balance until July. It is expected to face a two-month shortage in September-October, with the short-term supply pressure more pronounced than that of lithium carbonate. It can be expected that the price movements of lithium carbonate and lithium hydroxide in September, as well as the relative strength between the two, reflects a gradual return of prices to fundamentals. In August, China's lithium carbonate imports reached 21,847 tons, up 58% month-on-month and 25% year-on-year. The majority of this import growth came from Chile.

Regarding the rolling Q2-Q3 spread, we maintain the view held over the past three weeks: it will fluctuate narrowly between -\$0.3/kg and -\$0.2/kg, with limited short-term opportunities. It is recommended to seek range-bound trading opportunities near the edges of the range when the spread reaches around -\$0.4/kg or -\$0.15/kg.

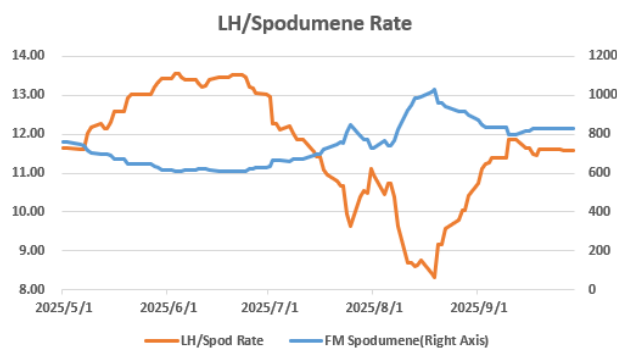
In our view the volatility is bullish.

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

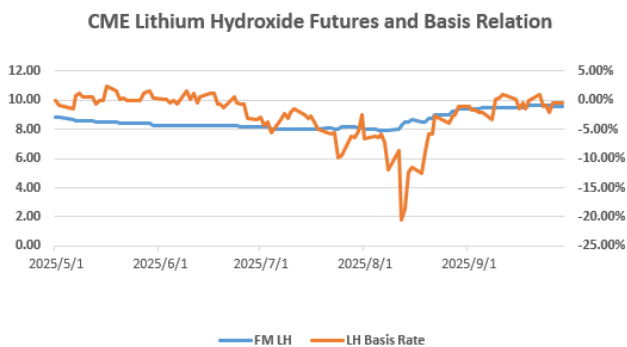
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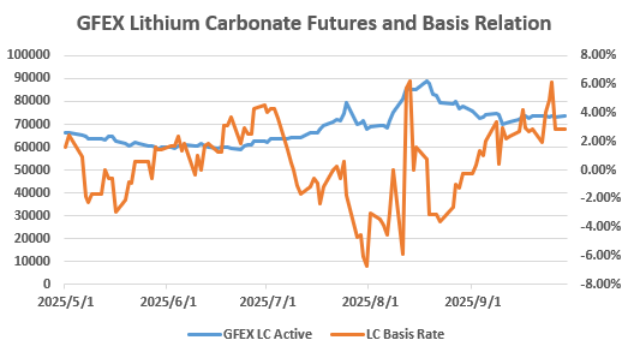
- The LH-LC spread remains stable during the past week as the restock before the Chinese holiday ended.



- The ratio of spodumene to lithium salt remained stable, as both lithium and spodumene gained support from the bottom area.



- The basis rate maintained in 5‰ area, left limited opportunities for cash and carry arbitragers.



- The open interest and aggregated trading volume in GFEX lithium carbonate have fallen for three consecutive weeks, indicated a retreat of investors from the market.

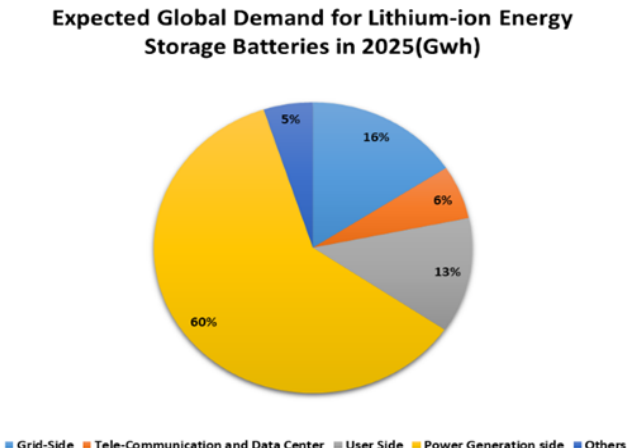
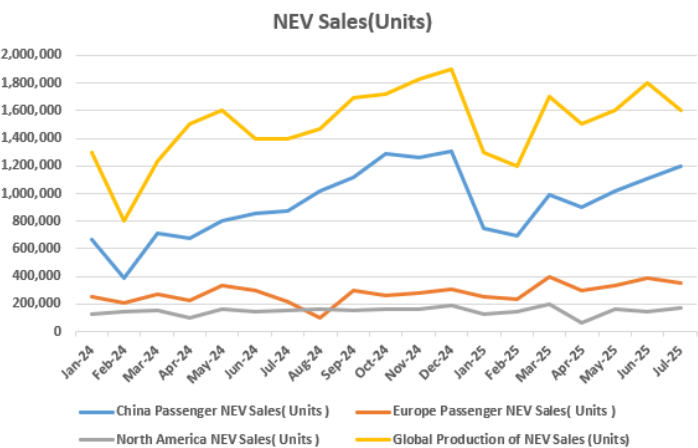
Battery Components and Downstream Market:

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	-

Against the backdrop of export delays and quota restriction policies in the Democratic Republic of the Congo (DRC), the global cobalt raw material market will remain in a relatively tight supply-demand state in the future. Nickel sulfate prices have continued to rebound, driven by limited supply from nickel salt plants. With the end of the month being a peak period for concentrated purchases, nickel sulfate prices could keep rising this week. For ternary precursors, costs have increased due to price hikes of nickel and cobalt sulfate, leading to a rise in discount rates for spot orders. September marks the peak production period for both ternary precursors and ternary cathode materials.

Leading lithium iron phosphate (LFP) cathode material manufacturers are still operating at full capacity, while orders continue to flow to small and medium-sized enterprises. Due to the suspension of raw material supply from CATL’s Yichun lithium mines, its downstream customer Longpan New Energy is set to halt production on Thursday. The spillover effect of mine suspensions in Jiangxi Province has already emerged. If more LFP enterprises cut production, the supply gap will further widen. The profits of many Chinese listed companies in the battery industry chain have surged significantly in the third quarter. The stock price of Hunan Yuneng, a leading LFP enterprise, has doubled since the start of June of this year.

From January to August 2025, the newly added bidding scale for Chinese energy storage reached 292 GWh, representing a year-on-year increase of 104% and doubling the scale of last year. Going forward, attention should be paid to the sustainability of energy storage bidding and the incremental demand for batteries brought by the electrification of heavy-duty trucks.



Data Sources: Bloomberg, SMM, Fastmarket, FIS

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