

14/10/2025

**Lithium Salt and Spodumene Market:**

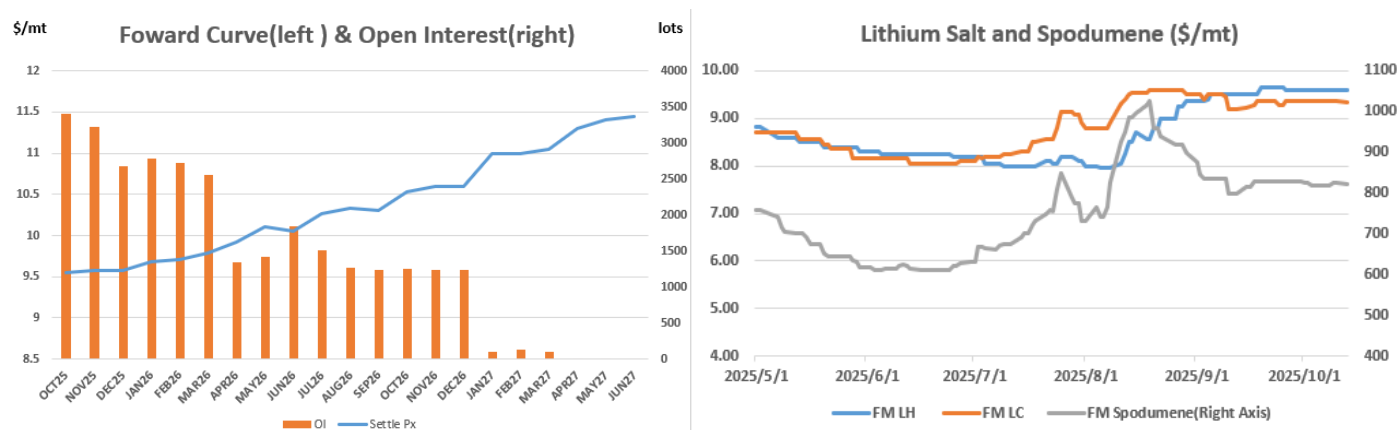
- ⇒ **FastMarket Lithium Hydroxide:** Our view is short-run **Neutral to Bullish**. The lithium salt market is in a state of high demand and high supply, while both futures and spot prices saw decreasing volatility. This indicates that the current price is close to the fair price.
- ⇒ **FastMarket Spodumene:** Our view is short-run **Neutral to Bullish**. The price of spodumene has remained almost unchanged in the past two weeks. The downside is supported by mines that are controlling the pace of shipments. However, the stable lithium salts price is limiting further growth of spodumene.

Prices Movement	13-Oct	6-Oct	Changes %	FIS Sentiment
<b>FastMarket Lithium Hydroxide Monohydrate CIF China, Japan &amp; Korea (\$/kg)</b>	<b>9.60</b>	<b>9.60</b>	<b>-</b>	<b>Neutral to Bullish</b>
<b>FastMarket Lithium Carbonate Spot CIF China, Japan &amp; Korea (\$/kg)</b>	<b>9.35</b>	<b>9.38</b>	<b>- 0.32%</b>	<b>Neutral to Bullish</b>
<b>SMM Lithium Carbonate Spot China(yuan/ton)</b>	<b>73,039</b>	<b>73,488</b>	<b>- 0.61%</b>	<b>Neutral to Bullish</b>
<b>FastMarket Cobalt 30% (\$/kg)</b>	<b>19.50</b>	<b>16.75</b>	<b>+ 16.42%</b>	<b>Neutral to Bullish</b>
<b>FastMarket Spodumene min 6% Asia (\$/ton)</b>	<b>822.5</b>	<b>820.0</b>	<b>+ 0.30%</b>	<b>Neutral to Bullish</b>

Last week, as some domestic lithium mining enterprises have obtained approval for mining rights, the marginal supply of lithium carbonate is expected to increase. Furthermore, the demand for power and energy-storage batteries are both strong.

In September, China's lithium battery production reached 178.56 GWh, registering an 11% month-on-month (MoM) increase and a 42% year-on-year (YoY) rise. Since September and October, production lines for large-scale energy storage have operated at full capacity, providing significant support for lithium carbonate demand. Leading power battery enterprises are also expected to see a substantial uptick in their production schedules in October. According to SMM data, China's lithium carbonate production has gradually climbed to a historical high of 20,635 tons. However, inventory has declined for eight consecutive weeks, falling to 134,800 tons. Specifically in September, China's lithium carbonate output edged up 2% MoM, while lithium hydroxide production surged 26% MoM.

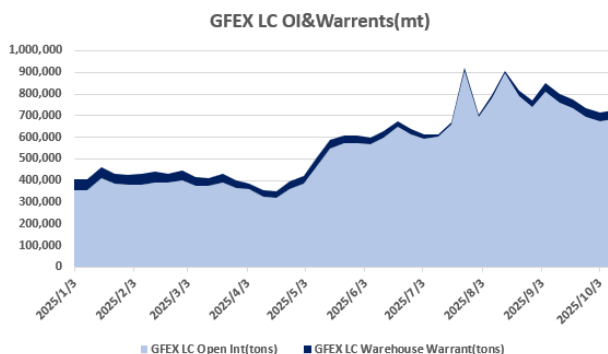
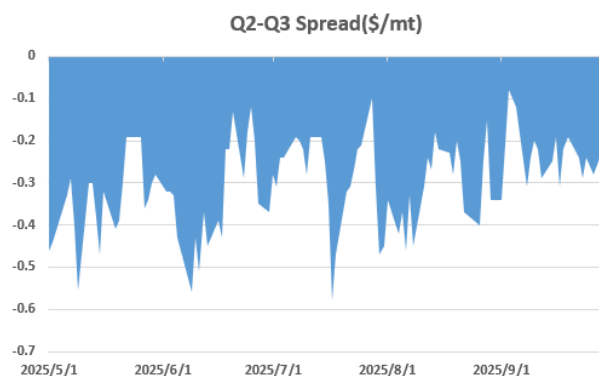
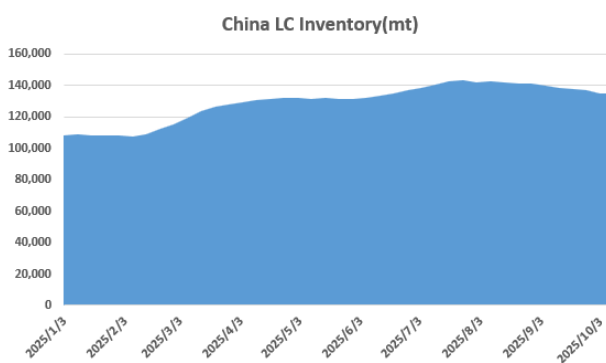
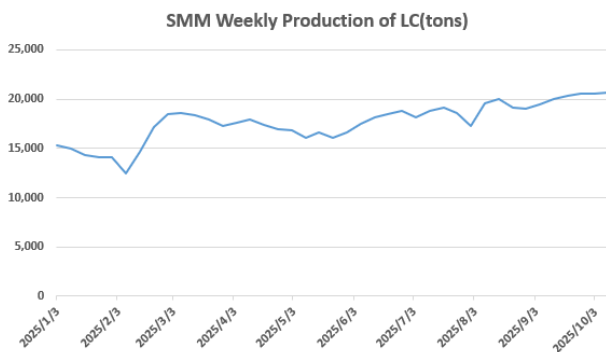
On Tuesday, Zangge Lithium announced that its subsidiary had officially resumed production. Last week, Gotion High-Tech secured mining approvals for three out of its five mines. The market generally anticipates a pickup in lithium salt supply during the fourth quarter. That said, amid adjustments to resource taxes, the baseline valuation of lithium salts has increased. Additionally, Chile's lithium carbonate exports are projected to decrease in the fourth quarter of this year.



Data Sources: Bloomberg, SMM, Fastmarket, FIS

Freight Investor Services 2025

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



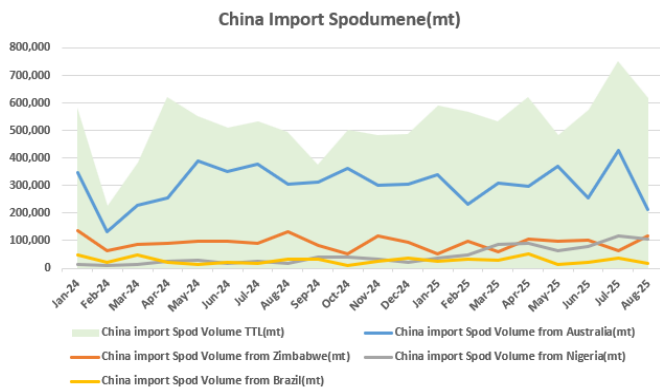
In the fourth quarter of this year, Chile's lithium carbonate exports are projected to decrease. If lithium spodumene imports also decline, combined with reduced output from salt lakes, they could ultimately offset the production growth driven by the resumption of operations at most mines.

The lithium carbonate balance sheet data shows a marginal surplus of 2.58% in August, followed by a 1.47% deficit in September. The surplus for the third quarter was narrower than the one of the second quarter, and the fourth quarter is expected to remain in a tight balance. Looking at longer-term trends, lithium carbonate recorded surpluses of 12.59% in 2023 and 3.96% in 2024, while posting a 0.28% deficit in the first nine months of 2025.

In October, the open interest of lithium hydroxide on CME decreased by 10.8%, and it was 23% lower than the high point of open interest at the end of May. The open interest of lithium carbonate on the GFEX in October decreased by 1.9%, and it was 29.94% lower than the high point of open interest at the end of July. In September and October, the volatility of lithium salt futures decreased significantly. The warehouse warrants on the GFEX refreshed the high since mid-March, reaching 42,379 tons.

Looking back at the macro market, neither the China-US trade frictions nor the easing of geopolitical tensions in the Middle East has amplified commodity volatility in this cycle. The high prices of gold and silver signal extremely low risk appetite, putting extreme pressure on the overall valuation of commodities. Looking ahead, during the cycle of overall market risk appetite recovery, lithium salts are likely to stage a catch-up rally. Lithium mining enterprises equities have delivered standout performance. In October, Albemarle (ALB) of the US posted an 18.82% gain, rebounding by nearly 42% from its year-to-date low. Ganfeng Lithium saw a 20% rebound in October, with a cumulative recovery of 159% from its annual trough. Last week, China's Ministry of Commerce (MOFCOM) and the General Administration of Customs (GACC) jointly issued an official notice, announcing the imposition of export controls on items related to lithium batteries, cathode materials, and graphite anode materials. It is reported that the controlled items are primarily high-tech battery products, excluding standard batteries, which account for the majority of the market share.

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



Due to China's National Day holiday, the lithium hydroxide index has remained unchanged since the end of September, while lithium carbonate edged down slightly on Monday this week. For lithium hydroxide, trades were concluded within a range of \$8.5/kg (low) to \$10.5/kg (high). As for lithium carbonate, trades were made at \$9.4-\$9.45/kg in early October, but the core trade range slipped to \$8.5-\$9.2/kg in mid-October. Regarding spodumene, sales trades in October only materialized after its price dropped from \$860/ton to \$830/ton. However, sellers are currently unwilling to make further concessions to offer lower prices.

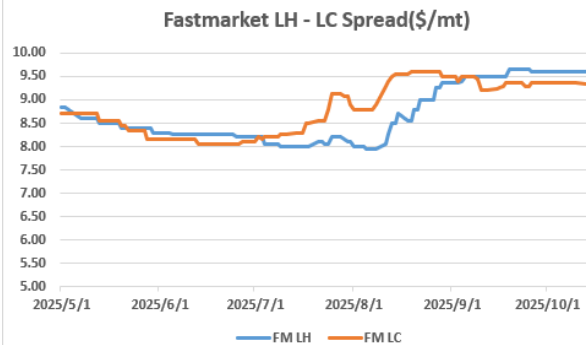
Regarding the rolling Q2-Q3 spread, we saw less opportunities as the slow movement.

In our view the volatility is bullish.

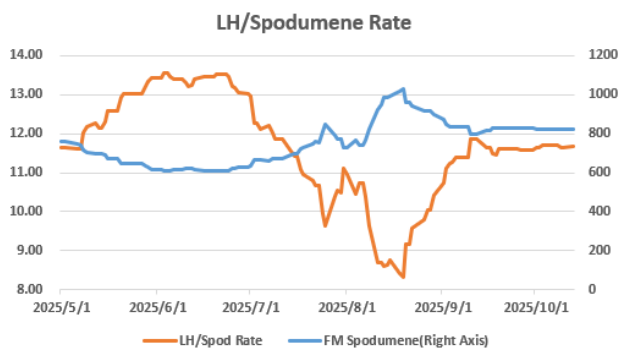
In our view the short-term trend is skewed bullish.



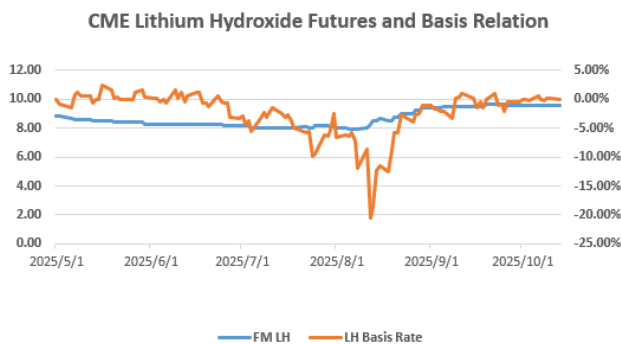
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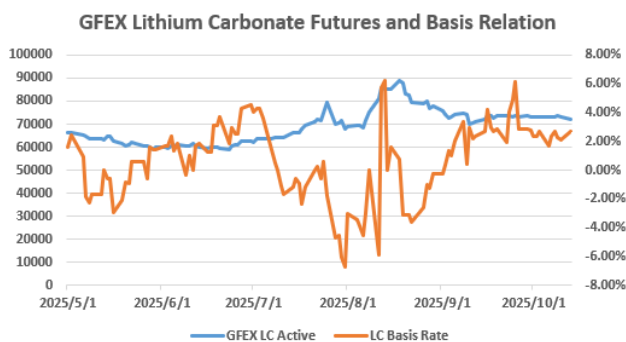
- The LH-LC spread remains stable in October as limited trades.



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



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



- The open interest and aggregated trading volume in both CME and GFEX declined in September and October.

Battery Components and Downstream Market:

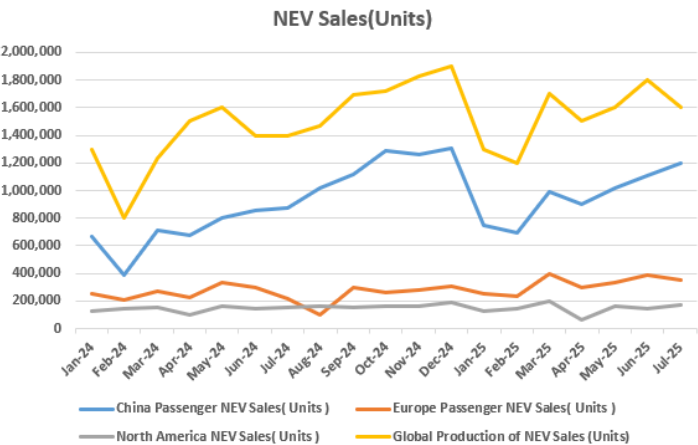
Prices Movement	Last	Previous	Changes %
6-Series Ternary Precursors (yuan/ton)	83,950	79,400	+ 5.73%
Prismatic Ternary Cells (yuan/Wh)	0.64	0.64	-
Lithium Iron Phosphate - Power (yuan/ton)	37,280	37,390	- 0.29%
High-end Power Graphite(yuan/ton)	33,050	33,050	-

The Democratic Republic of the Congo (DRC) has announced its cobalt export quota for the remaining months of this year, with exports expected to reach slightly over 18,000 mt. For 2026 and 2027, the annual export ceiling is set at 96,600 mt respectively, far below the 220,000 tons exported in 2024. Additionally, enterprises are required to prepay royalties (calculated at 10% of sales revenue) before shipment, which will indirectly drive up procurement costs .

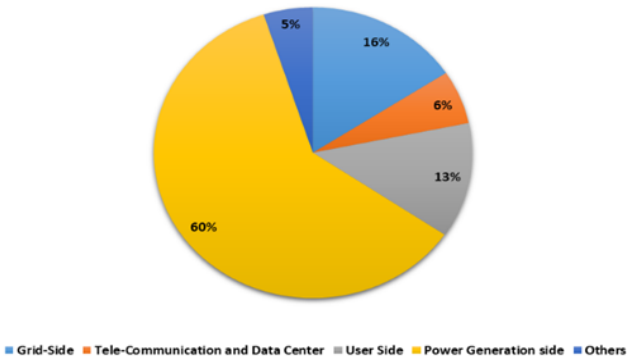
China ternary precursor output maintained robust growth in September, rising 12.28% MoM and 22.05% YoY. According to SMM surveys, Grade 6 products accounted for the largest share at 45.66%, primarily driven by demand from power batteries. With some new energy vehicle (NEV) subsidy policies expected to be reduced next year, the fourth quarter of 2025 has emerged as a "golden window" for vehicle purchases, bolstered by full NEV purchase tax exemption and manufacturer clearance sales for non-compliant models. SMM forecasts ternary precursor output will grow a further 2.8% MoM in October.

China's lithium iron phosphate (LFP) output surged 12.8% MoM and 42% YoY in September. Orders from the power and energy storage sectors have kept production at near-full capacity across enterprises of all sizes. Downstream cell manufacturers have seen a sudden spike in demand, fueled by the replacement network for all-electric heavy-duty trucks.

During the National Day holiday in China, NEV charging volume on expressways exceeded 122.87 million kWh, 2.59 times the daily average in normal periods, 45.73% higher than the same period last year, and a new historical high. This surge reflects the booming NEV adoption, with China's NEV sales accounting for 45.5% of total vehicle sales in the first eight months of 2025.



Expected Global Demand for Lithium-ion Energy Storage Batteries in 2025(Gwh)



Data Sources: Bloomberg, SMM, Fastmarket, FIS

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