

21/10/2025

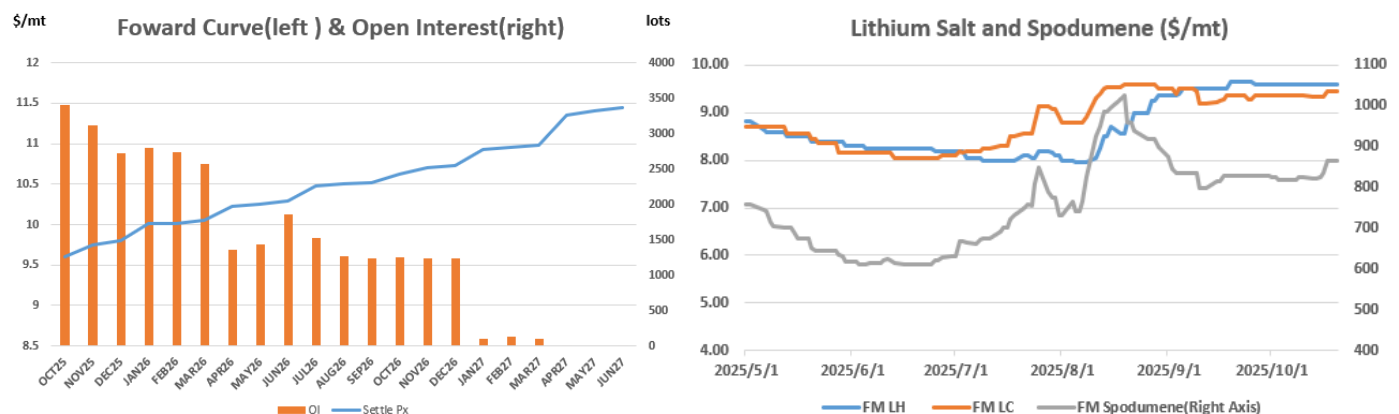
Lithium Salt and Spodumene Market:

- ⇒ **FastMarket Lithium Hydroxide:** Our view is short-run **Neutral to Bullish**. Inventories in the lithium salt market have declined rapidly, while the production scheduling for ternary materials and lithium iron phosphate remains intensive. However, after the China National Day Holiday period, lithium hydroxide market activity will be dominated by inventory absorbtion, with marginal demand expected to stay weak in the short term.
- ⇒ **FastMarket Spodumene:** Our view is short-run **Neutral to Bullish**. Driven by the demand for lithium salt production scheduling and price support from key global miners, spodumene has finally started its rebound. Recently, trading activity has been robust, with demand showing a marked improvement.

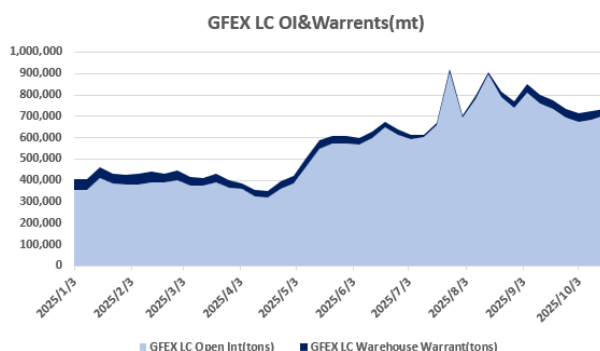
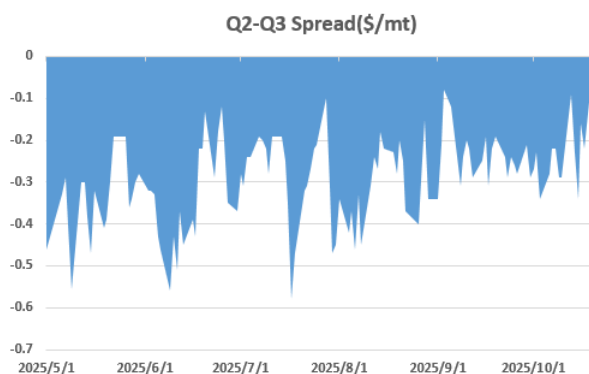
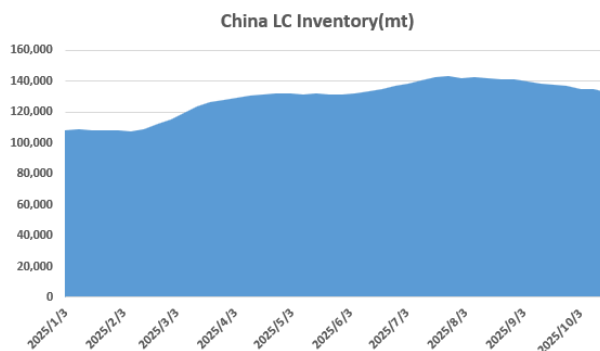
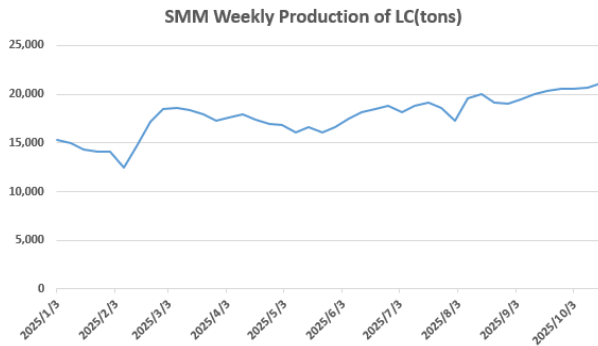
Prices Movement	20-Oct	13-Oct	Changes %	FIS Sentiment
FastMarket Lithium Hydroxide Monohydrate CIF China, Japan & Korea (\$/kg)	9.60	9.60	-	Neutral to Bullish
FastMarket Lithium Carbonate Spot CIF China, Japan & Korea (\$/kg)	9.45	9.35	+ 1.07%	Neutral to Bullish
SMM Lithium Carbonate Spot China(yuan/ton)	73,991	73,039	+ 1.30%	Neutral to Bullish
FastMarket Cobalt 30% (\$/kg)	20.75	19.5	+ 6.41%	Neutral to Bullish
FastMarket Spodumene min 6% Asia (\$/ton)	865.0	822.5	+ 5.17%	Neutral to Bullish

During the reporting period, spodumene prices rebounded significantly, while the lithium salt market showed a divergent trend: lithium carbonate performed strongly. On one hand, a large number of lithium carbonate warehouse warrants on the Guangzhou Futures Exchange (GFEX) were cancelled, on the other hand, the resilient demand for lithium iron phosphate (LFP) drove a substantial decline in inventories. In contrast, lithium hydroxide prices did not follow the rebound, as sufficient pre-holiday stockpiling left the market focused on the absorption of existing inventories.

According to market sources, the Jianxiawo mine in Jiangxi, China remains idle due to delayed mining permit approval, which was held up by the unapproved environmental protection plan. Even if production resumes later, the enterprise may need to pay back taxes, further increasing production costs. Last week, the weekly supply of lithium carbonate hit a new record high of 21,066 tons. China's total lithium carbonate inventories have declined by a cumulative 6.75% over ten consecutive weeks, falling to 132,658 tons. Both smelters and downstream enterprises saw inventory drops, leaving the industrial chain in an overall tight supply pattern.



Lithium Salt and Spodumene Market(Cont'd):



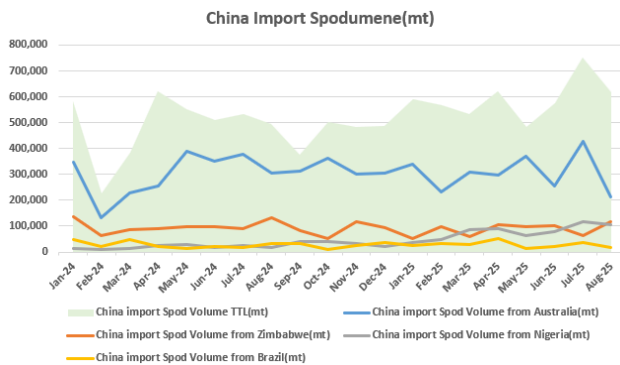
LFP production operates at full capacity in China, with leading battery manufacturers having their order schedules extended to early next year. As a result, lithium carbonate inventories are expected to decline further in October. GFEX lithium carbonate warehouse warrants decreased by 28% in a single week, indicating regional shortages in the spot market recently. On the demand side, the planned production of power batteries in October is expected to increase by 6.7% month-on-month. In the energy storage sector, despite extended delivery cycles caused by capacity constraints for high-end products, order demand remains robust. On the supply side, lithium carbonate imports are projected to contract in Q4, while domestic planned output of lithium carbonate in October is expected to reach 89,900 tons, up from the actual September output of 87,260 tons.

Based on an analysis of the supply-demand dynamics across the upstream and downstream of the lithium-ion battery industrial chain, the cumulative supply and demand of lithium carbonate have reached a balance over the past nine months. We anticipate that domestic lithium carbonate will remain in a state of tight balance or even shortage throughout the fourth quarter, even after factoring in the additional supply from the resumption of production at some mines. Looking at lithium hydroxide, while its supply and demand also achieved balance over the past nine months, a mild surplus may emerge in the fourth quarter, depending on the release of export demand. From the perspective of overall lithium supply and demand, the industry is expected to experience a shortage in the fourth quarter.

At the SMM Raw Materials Conference, the industry anticipates that global lithium demand will grow at an annual rate of 20% until 2030, ultimately reaching a scale of 4 million tons. In terms of resource distribution, the combined lithium reserves of Chile and Australia account for 60%-70% of the world's total, making them the core regions for global lithium supply. Meanwhile, JPMorgan Chase has launched a \$1.5 trillion supply chain security initiative, focusing on securing critical mineral resources across 27 key sub-sectors, including battery energy storage and solar energy—core segments of the new energy industrial chain.

Supported by sufficient pre-purchase stockpiling, the lithium hydroxide index has remained flat since bottoming out on 26th September. The current market is dominated by on-demand purchasing, while prices of \$10.7/kg were observed in the market, the focus of subsequent market quotations has fallen back to around the index level.

Lithium Salt and Spodumene Market(Cont'd):



For lithium carbonate, as long-term contract negotiations remain unclear, the market is in a strong wait-and-see mode, leading to low trading activity. In the spodumene segment, trade prices have rebounded from \$830/ton to \$850/ton, with sellers' quotations even surging to \$880/ton. Coupled with mines' strong willingness to maintain prices, there is significant short-term price support.

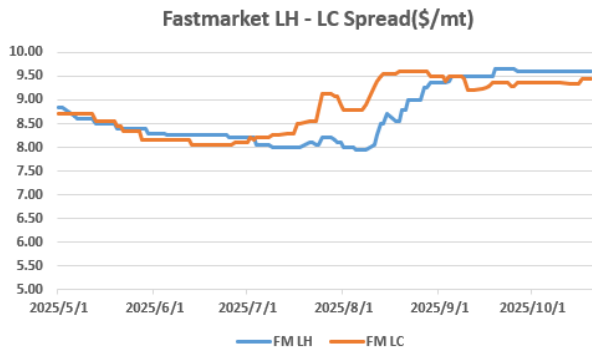
The fluctuation range of the rolling Q2-Q3 spread remains between -\$0.25/kg and -\$0.1/kg. Due to the narrowness of this range, there are relatively limited spread trading opportunities available in the market. Our opinion is that investors should remain on the sidelines and wait for the fluctuation range to expand significantly.

In our view the volatility is bullish.

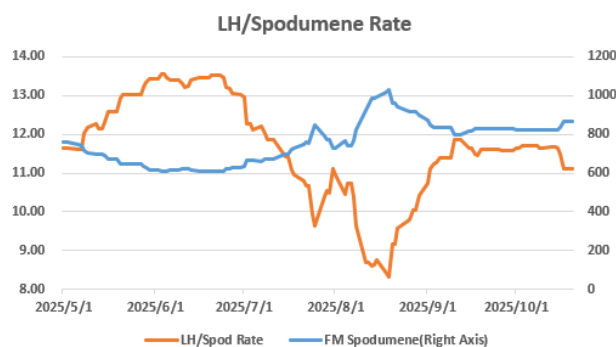
In our view the short-term trend is skewed bullish.



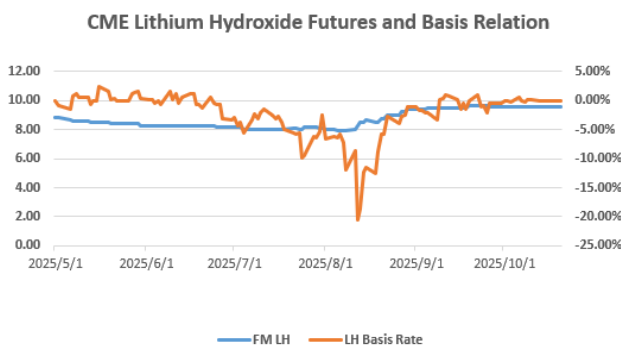
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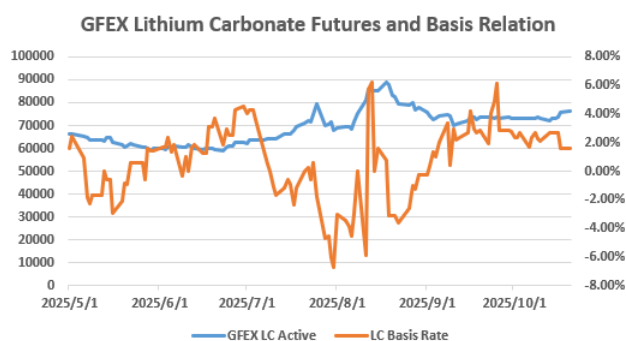
- The LH-LC spread narrowed because the spodumene demand on LH decreased while the demand was robust.



- The ratio of spodumene to lithium salt narrowed as miners support prices upticks on spodumene.



- The basis rate narrowed due to a sharp rise of the futures market.



- GFEX warrants evaporated rapidly, indicating a shortage on spot market of lithium carbonate.

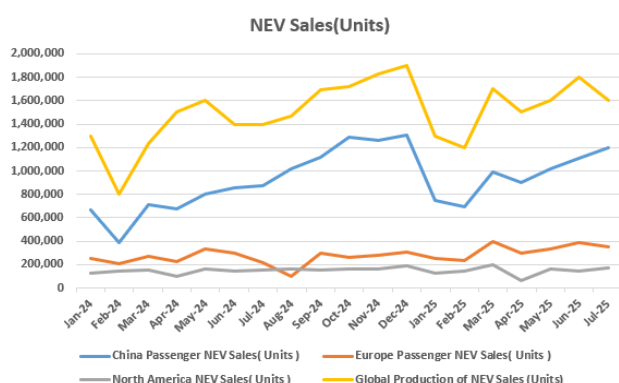
Battery Components and Downstream Market:

Prices Movement	Last	Previous	Changes %
6-Series Ternary Precursors (yuan/ton)	86,000	83,950	+ 2.44%
Prismatic Ternary Cells (yuan/Wh)	0.67	0.64	+ 4.69%
Lithium Iron Phosphate - Power (yuan/ton)	37,700	37,280	+ 1.13%
High-end Power Graphite(yuan/ton)	33,050	33,050	-

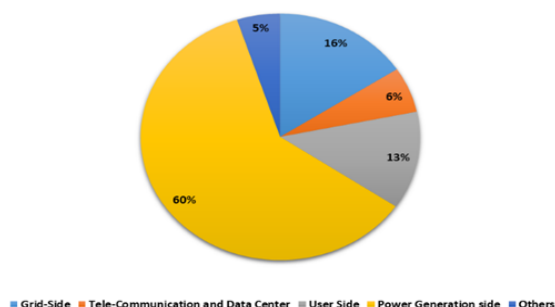
In September, retail sales of new energy vehicles (NEVs) in China reached 1.296 million units, up 15.5% year-on-year. The cumulative retail sales from January to September hit 8.866 million units, with the year-on-year growth rate expanding to 24.4%. China's National Development and Reform Commission (NDRC) has clearly planned to build 28 million charging facilities nationwide by the end of 2027, providing infrastructure support for the popularization of NEVs. Globally, NEV sales from January to September totaled 14.7 million units, a 26% year-on-year increase, with China remaining the core growth driver.

In the energy storage sector, output of energy storage cells from January to September surged 57% year-on-year to 355.1 GWh in China, and current inventories are at the lowest level for the same period in the past three years, indicating a tight supply-demand dynamic. Downstream of lithium salts, the planned production of LFP in October, as tracked by SMM, stands at 113.6 GWh, up 49% year-on-year. The commissioning of the 10 GWh LFP cell project in Tongshan, Jiangsu, coupled with rising demand driven by upgrades in pure electric heavy-duty truck projects, continues to boost LFP demand. Leading LFP enterprises are now operating beyond capacity, with some orders diverting to small and medium-sized enterprises.

In the cobalt industry chain, most enterprises in China have suspended quotations due to expectations that cobalt raw material arrivals will hardly increase before spring, leaving the market in a "quoted but not traded" state. Affected by the continuous rise in cobalt prices, the costs of ternary precursors and ternary materials have increased accordingly. Domestically, as subsidies for electric vehicles are expected to be phased out next year, both sales and output of electric vehicles are likely to keep their high growth in the fourth quarter, which will support demand for ternary materials. The planned production of ternary materials in October is 22.2 GWh, up 12% year-on-year. Overall, cumulative output of power batteries from January to September reached 861.04 GWh, a 45.6% year-on-year increase, reflecting strong expansion momentum across the industry chain.



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



Data Sources: Bloomberg, SMM, Fastmarket, FIS

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