FIS Battery Metals Weekly Report

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Lithium Salt and Spodumene Market:

⇒ **FastMarket Lithium Hydroxide:** Our view is short-run **Neutral to Bullish**. December's lithium mine restart in Jiangxi, China has boosted mica lithium output notably, while spodumene imports remain stable—supporting continued expansion in lithium carbonate supply and a rebalancing of market. Nevertheless, the strong price elasticity post-retreat could trigger another rebound. The price movement underscores the market's sensitivity to near-term supply changes amid sustained downstream demand.

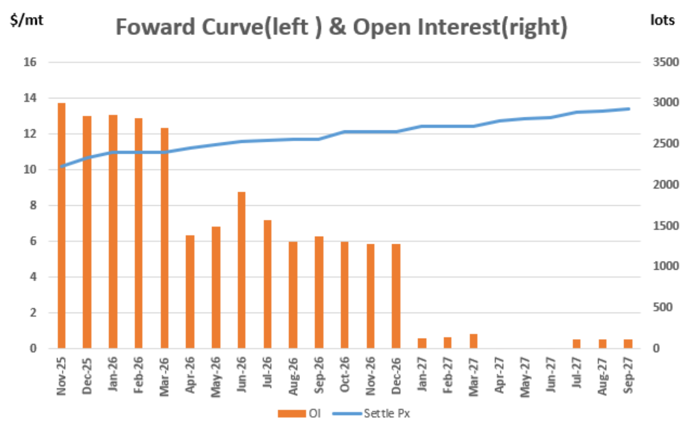
⇒ **FastMarket Spodumene:** Our view is short-run **Neutral to Bullish**. With Jiangxi's lithium mica production on the rise, spodumene buyers opted for an wait-and-see approach, holding off on purchases. Consequently, spodumene prices moved lower. The price drop comes as expanded lithium mica supply intensifies competition in the lithium raw material market, giving buyers more leverage in procurement negotiations.

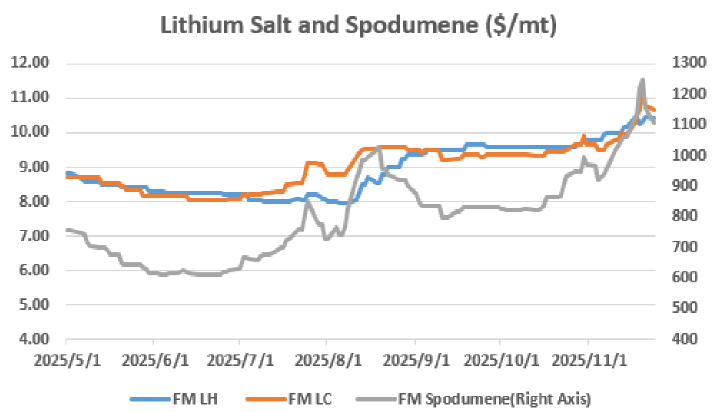
Prices Movement	24-Nov	17-Nov	Changes %	FIS Sentiment
FastMarket Lithium Hydroxide Monohydrate CIF China, Japan & Korea ($/kg)	10.40	10.45	- 0.48%	Neutral to Bullish
FastMarket Lithium Carbonate Spot CIF China, Japan & Korea ($/kg)	10.65	10.30	+ 3.40%	Neutral to Bullish
SMM Lithium Carbonate Spot China(yuan/ton)	92,607	86,395	+ 7.19%	Neutral to Bullish
FastMarket Cobalt 30% ($/kg)	23.88	23.75	+ 0.55%	Neutral
FastMarket Spodumene min 6% Asia ($/ton)	1110.0	1125.0	- 1.33%	Neutral

Lithium salt prices hit a stage high last week as expected, then corrected sharply. Post-volatility, we remain bullish, and short-term volatility is expected to stay high.

Lithium salt and spodumene rallied strongly from last Monday, fueled by gains in downstream lithium iron phosphate (LFP) and lithium hexafluorophosphate ($LiPF_6$) . However, Friday's global asset plunge dragged down the battery chain—exchange measures to curb excessive speculation triggered sharp drops in derivatives and battery equities. Early this week, geopolitical risk pricing, US Fed's dovish shift on rate cuts, and positive China-US trade signals have offered some support. With frequent industry conferences lately, top executives in the battery industry have confirmed robust structural new energy demand, which is likely to offset capacity growth and underpin market sentiment.

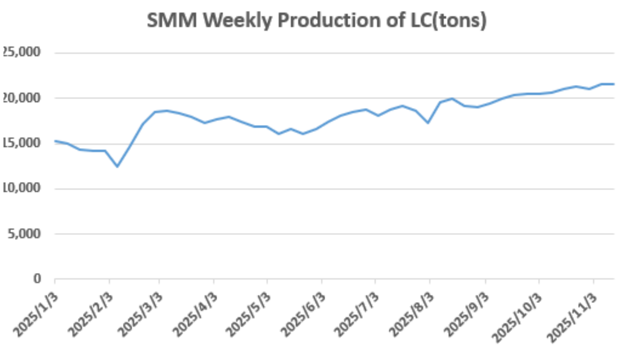
Last week's lithium carbonate inventory drawdown registered at 2,052 tons, falling short of the expected weekly reduction range of 3,000-3,500 tons. The market projects domestic operating capacity to exceed 250,000 tons LCE (Lithium Carbonate Equivalent) in December, combined with increased exports from South American salt lakes during November and December—resulting in a marginal re-easing of the supply-demand balance.

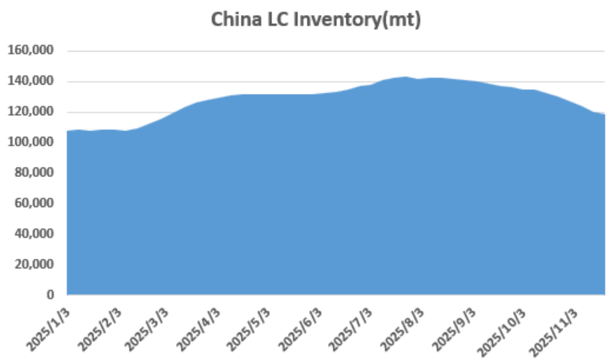


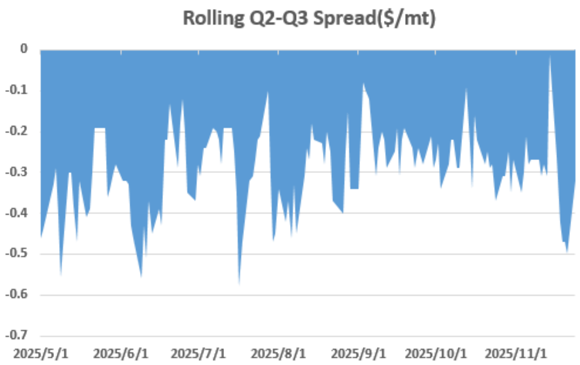


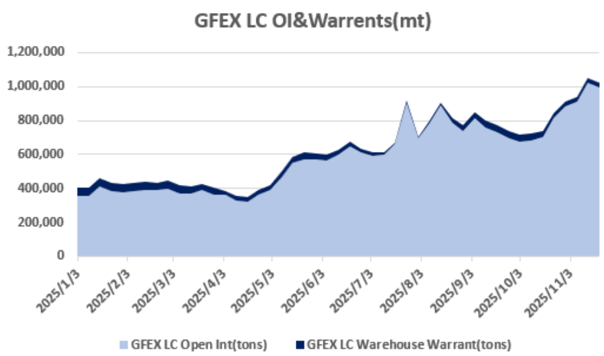
Data Sources: Bloomberg, SMM, Fastmarket, FIS

Lithium Salt and Spodumene Market(Cont'd):









However, the operating rate of China's spodumene-based lithium carbonate production has essentially peaked, leaving limited room for further marginal growth. We maintain that the absolute volume of inventory reduction remains substantial, and it is highly probable that total inventory will decline to 10,000 tons or below by year-end. Low inventory levels inherently translate to high price elasticity. Amid the year-end long-term contract negotiation cycle, spot transactions have remained active, leading to heightened volatility in market prices. This dynamic reflects the interplay between incremental supply from new capacity and persistent structural demand in the new energy sector.

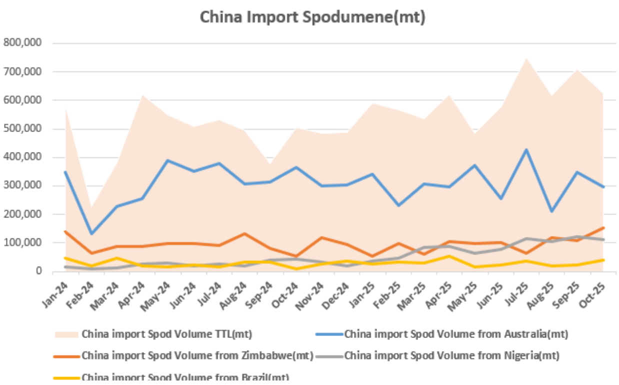
The phased price movement aligns with the trend derived from our supply-demand balance sheet projection:

1. Back in Q3, we forecasted a shift from oversupply to tight balance in the lithium market. Subsequently, lithium salt prices staged a strong rebound, breaking out of the long-term bottom range. However, no second round of rally emerged after this rebound concluded.
2. In October and November, we highlighted the outlook of stagnant marginal supply, rapid demand recovery, and a high probability upward trend. In response, the market surged to a 12-month high.
3. By mid-November, we adjusted our stance to a neutral outlook, noting that directional judgments had become more challenging and that volatility-driven opportunities would follow a "rise-then-fall" pattern. This shift was primarily attributed to two factors: the earlier-than-expected resumption of mine production in Jiangxi, and the potential downside in spodumene prices from Australia, which would push production costs lower again—triggering downward signals in both market valuations and supply-demand fundamentals.
4. We remain optimistic about in Q4 and H1 2026, as downstream production capacity will continue its gradual expansion, coupled with marginal improvements in trade conditions.

In the offshore market, lithium hydroxide prices maintained stability, with transactions concentrated in the range of $9-$9.4/kg and sound liquidity. Lithium carbonate transactions were mainly centered around $10-$11.35/kg.

Data Sources: Bloomberg, SMM, Fastmarket, FIS

Lithium Salt and Spodumene Market(Cont'd):

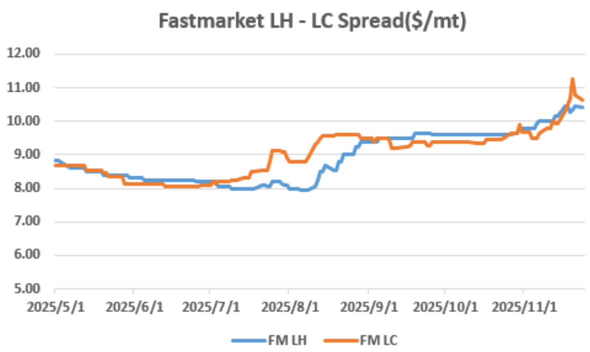


After successive price increases by sellers, buyers showed no interest, leading to a subsequent pullback in the index price. For spodumene, there was bullish buying interest starting last Monday, eyeing prices surging from $1,000/ton to $1,254/ton. However, following the retracement of lithium salt futures, spot buying for spodumene vanished abruptly, and the latest trade has fallen back to $1,100/ton.

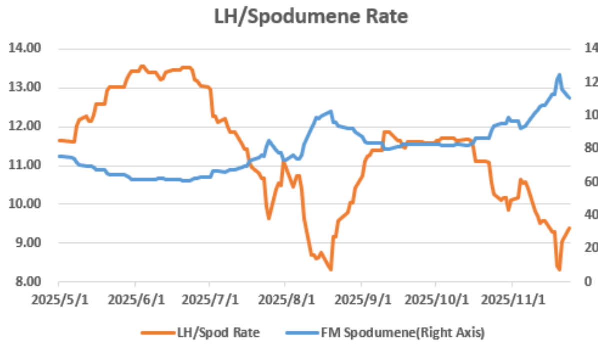
On the rolling Q2-Q3 spread, a favorable entry point emerged last week at -$0.45/kg. If the purchase cost is locked in, it is highly probable that the spread will rebound to -$0.25/kg or above in the short term.

Data Sources: Bloomberg, SMM, Fastmarket, FIS

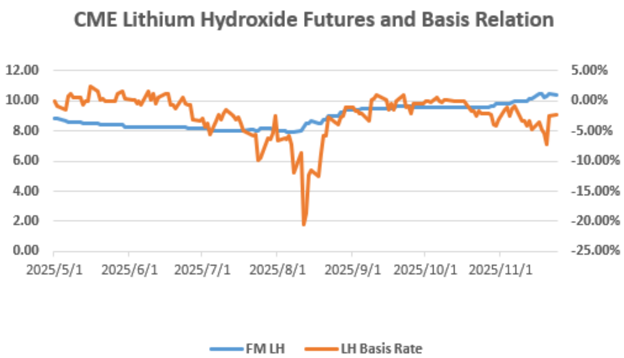
Lithium Salt and Spodumene Market(Cont’d):



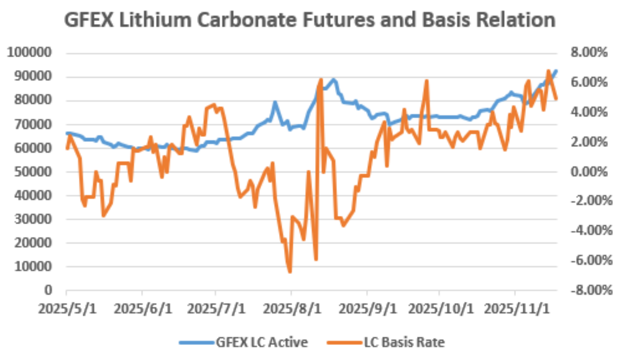
- After remaining positive for several consecutive weeks, the LH-LC spread turned negative again last week, primarily driven by a sharp rally in LC prices. With LC retracing recently, the spread is expected to move back toward zero.



- After the market rejected high-priced spodumene, spodumene prices began to decline—triggering a rebound in the salt-to-ore ratio following its drop to an extremely low level.



- The LH basis rate has started to rebound over the past two weeks, driven by catch-up gains in spot trades and a sharp pullback in futures prices.



- The GFEX basis rate has fluctuated upward, indicating that the spot market remains relatively strong.

Data Sources: Bloomberg, SMM, Fastmarket, FIS

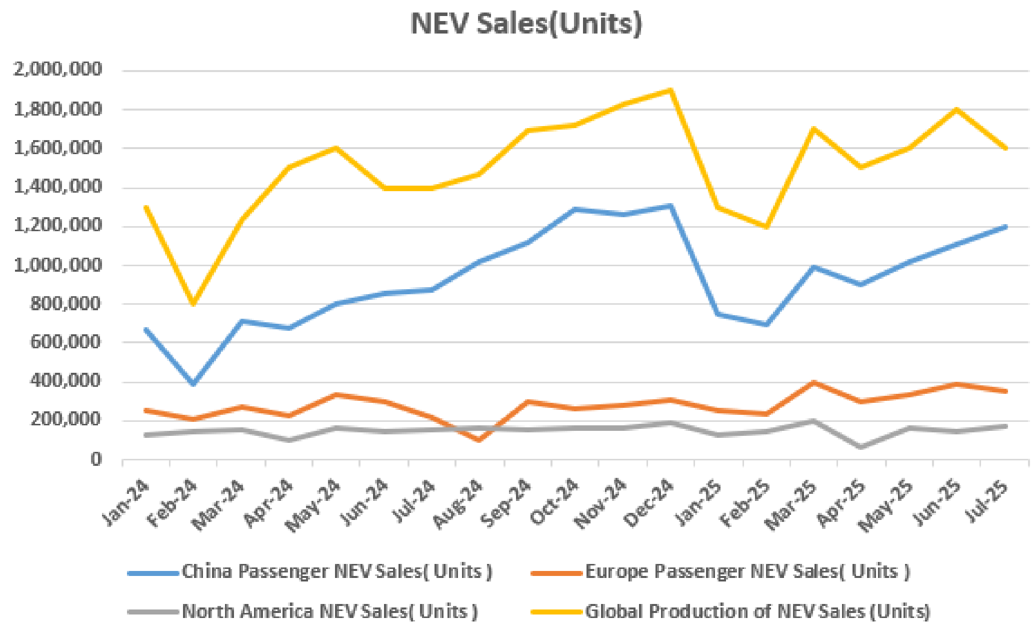
Battery Components and Downstream Market:

Prices Movement	Last	Previous	Changes %
6-Series Ternary Precursors (yuan/ton)	158,000	141,000	+ 12.06%
Prismatic Ternary Cells (yuan/Wh)	0.67	0.67	-
Lithium Iron Phosphate - Power (yuan/ton)	42,550	41,100	+ 3.53%
High-end Power Graphite(yuan/ton)	33,050	33,050	-

Ternary material output edged up 0.35% MoM last week, while LFP output rose 2.15% MoM. China's lithium-ion battery output hit 193 GWh in October, up 8% MoM and 41% YoY. December production schedules for power, energy storage, and consumer batteries will grow faster than November's, boosting marginal demand for lithium salts and batteries.

Year-end auto sales sprint, combined with upcoming NEV subsidy phase-out in 2026, is lifting battery demand. NEV sales may dip in Q1 2026, but 90% YoY growth in Jan-Oct NEV exports will help offset domestic weakness. Energy storage demand stays strong and is gradually releasing—its battery shipments jumped nearly 100% YoY in Jan-Sep, and its share in total battery demand will likely rise further next year.

$LiPF_6$ prices have tripled in four months, now standing at 160,000 yuan/ton, with the sharpest gains in September and October. This is partly a catch-up to the industrial chain rally. Moreover, faster electrolyte demand growth will outpace $LiPF_6$ capacity expansion in coming months, widening the supply gap.



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