

13/1/2026

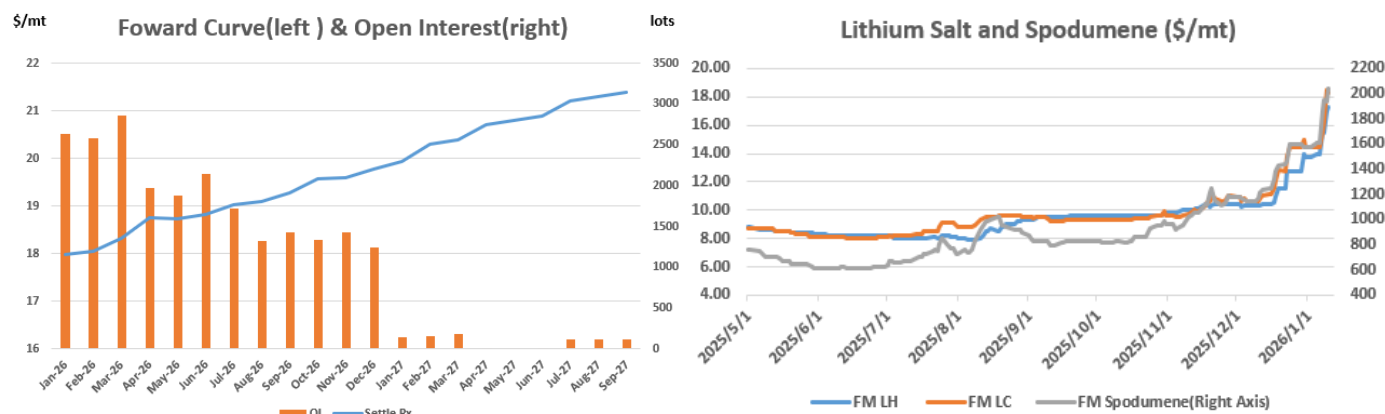
Lithium Salt and Spodumene Market:

- ⇒ **FastMarket Lithium Hydroxide:** Our view is short-run **Neutral**. Lithium salt derivatives have recorded consecutive sharp gains, driving a rapid rebound in spot prices. Despite the expected decline in new energy vehicle (NEV) sales in January and February, the upcoming reduction in lithium-ion battery export tax rebates starting from April has spurred a pre-tax-cut export rush in Q1, underpinning resilient demand for lithium salts. However, the market's short-term valuation has become excessively stretched, warranting vigilance against speculative bubbles.
- ⇒ **FastMarket Spodumene:** Our view is short-run **Neutral**. Joint price control by the South American Lithium Triangle, combined with potential delays in the resumption of China mines due to environmental protection policies, has resulted in a pronounced shortage of spodumene supply in the global market. Meanwhile, the valuations remaining excessively stretched.

Prices Movement	12 - Jan	5 - Jan	Changes %	FIS Sentiment
FastMarket Lithium Hydroxide Monohydrate CIF China, Japan & Korea (\$/kg)	17.25	14.00	+ 23.21%	Neutral
FastMarket Lithium Carbonate Spot CIF China, Japan & Korea (\$/kg)	18.25	14.50	+ 25.86%	Neutral
SMM Lithium Carbonate Spot China(yuan/ton)	152,463	119,853	+ 27.21%	Neutral
FastMarket Cobalt 30% (\$/kg)	20.75	24.88	- 0.72%	Neutral
FastMarket Spodumene min 6% Asia (\$/ton)	1250.0	1615.0	- 22.60%	Neutral

Over the four-week period spanning late December and early January, CIF lithium salt prices surged by 60% in a dramatic rally. During the same period, lithium salt futures on the Guangzhou Futures Exchange (GFEX) soared by 75%, with consecutive limit-up moves recorded recently. While no further short-term marginal bullish drivers have emerged on the fundamentals front, the supply shortage that emerged in Q4 2025 has persisted and is expected to extend through at least Q1 2026. As a result, prices of battery-related metals have remained exceptionally resilient.

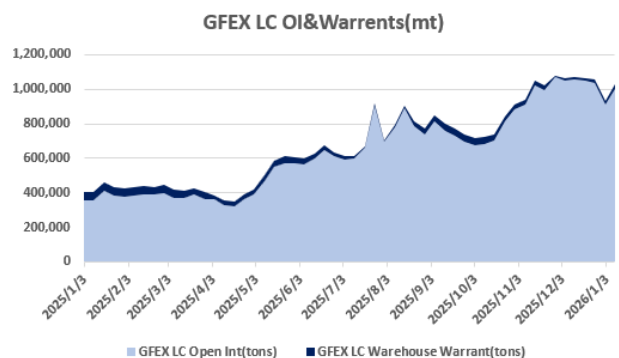
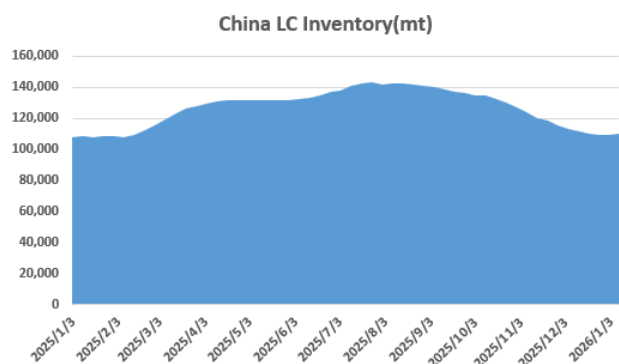
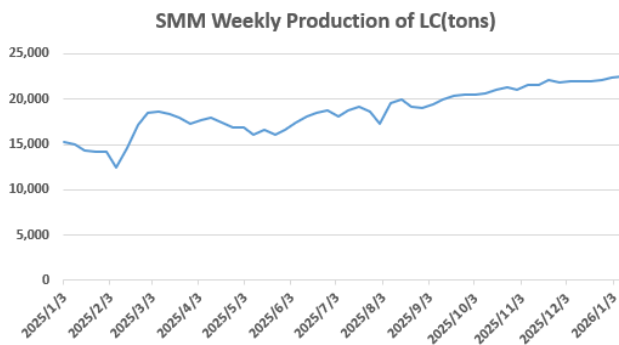
Recently, CATL's mine resumption has been repeatedly delayed. Following the rollout of solid waste regulations, the market interpreted the policy as raising barriers to the commissioning of new mines. Chinese lithium mines have entered their annual maintenance period. Downstream battery components and related sectors have absorbed the price increases passed on from upstream lithium salts, with some enterprises having already reflected such hikes in their long-term supply contracts. Overseas, the Lithium Triangle countries in South America signed the Joint Resource Reserve Agreement, which includes provisions for production cuts to stabilize prices and export quotas. Prior to this, Brazil had suspended new mining concession auctions. Gold, silver, copper, and tin prices have each hit record highs, with significant capital inflows into the non-ferrous metals sector.



Data Sources: Bloomberg, SMM, Fastmarket, FIS

Freight Investor Services 2026.

Lithium Salt and Spodumene Market(Cont'd):



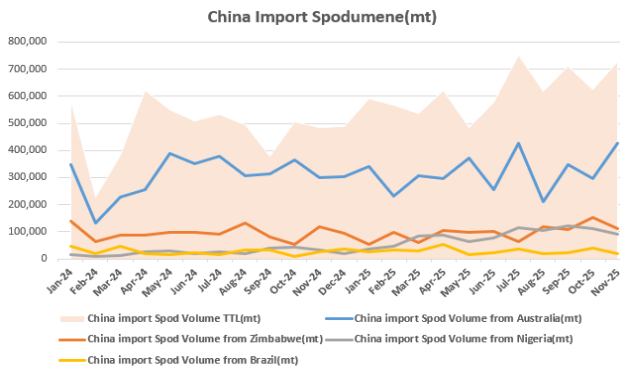
Lithium carbonate futures on GFEX saw its weighted open interest hit an all-time high of 1.093 million tons in December. However, open interest has declined due to exchange measures such as position limits on new orders. Trading volume of lithium hydroxide futures on the CME Group reached 8.296 million kilograms in the first week of January 2026, marking the highest weekly trading volume on record. The market is also concerned that a sharp fundamental-driven correction in some metals could trigger a synchronous pullback across the broader non-ferrous metals sector.

As the market has returned to rationality, we have observed that lithium carbonate has entered a phase of simultaneous contraction in both supply and demand since December, a trend expected to persist through January and February. Thus, the off-season effect remains in place, though it has been less pronounced than previously anticipated. Based on our lithium carbonate equivalent balance sheet, the market recorded an aggregate supply deficit of 50,000 tons over four months last year, corresponding to a 31,000 tons decline in inventories cut. Driven by the rush to ramp up battery exports, the supply shortfall in Q1 2026 is likely to remain above 22,000 tons. Meanwhile, domestic supply continues to dwindle, with inventories projected to drop by a conservative estimate of 90,000 tons. This conclusion suggests that the recent period of inventory stability may prove unsustainable.

From a phased valuation perspective, the recent rally in lithium salt prices has been overly rapid. The red-line internal rate of return (IRR) for energy storage projects corresponds to a lithium carbonate price of 150,000yuan/ton, and cost pressures are set to surge sharply following the full withdrawal of battery export tax rebates. With the expiration of long-term supply contracts across the battery industry's upstream and downstream sectors, the current price hike cycle may soon draw to a close. In terms of long-term valuation, however, price elasticity will remain intact, supported by robust demand and factors such as inventory stocking for energy storage projects in 2027.

The LH-LC price spread has fluctuated in a narrow range of -\$1.75/kg to -\$1/kg since late December and throughout January, compared with -\$0.5/kg in mid-December. This aligns with our expectation that lithium carbonate, backed by rising marginal demand and higher price elasticity, has outperformed lithium hydroxide during the rebound phase.

Lithium Salt and Spodumene Market(Cont'd):



In the offshore market, lithium hydroxide traded around \$14.5/kg at the end of December, with trades hitting \$15/kg this week. Over the same period, lithium carbonate rebounded from \$14.5/kg to \$16.5/kg. Meanwhile, spodumene prices surged from \$1,680/ton to \$2,200/ton. The strong continuity in trading volumes for both lithium salts and spodumene indicates that the recent rebound is a more authentic reflection of the market equilibrium price.

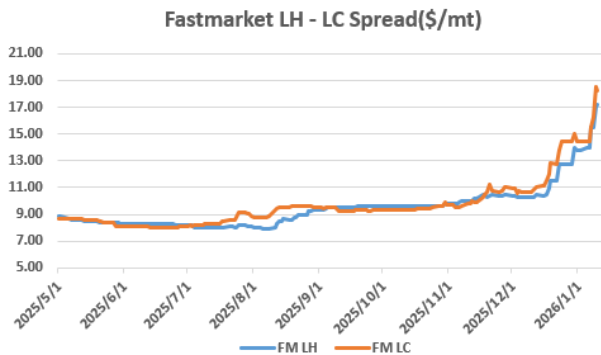
In the short run, be aware of pullback risks in both lithium and spodumene.



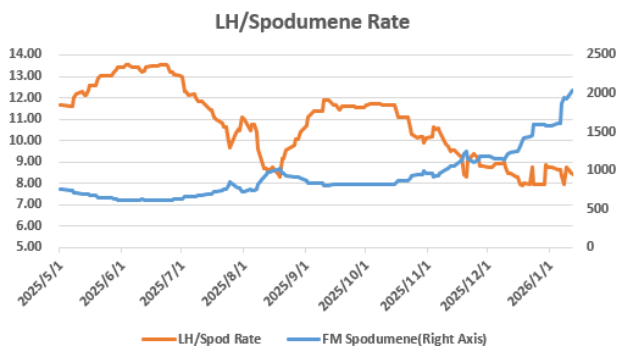
Market News List:

- Chile, Bolivia, and Argentina (the "Lithium Triangle") have signed the Joint Resource Reserve Agreement, centered on implementing a quota-based auction system for lithium ore exports and adopting production cuts to stabilize prices. Prior to this, Brazil had suspended new lithium mining concession auctions.
- China's Ministry of Finance and State Taxation Administration announced that, starting 1st April 2026, and running through 31st December 2026, the VAT export rebate rate for battery products will be reduced from 9% to 6%. Effective 1st January 2027, the VAT export rebate for battery products will be abolished entirely.
- Last week, multiple government departments in China convened a seminar on the power and energy storage battery industry, where measures including curbing irrational competition, controlling overcapacity, and protecting intellectual property rights were discussed.
- The Democratic Republic of the Congo (DRC) will allow the cobalt export quotas allocated for Q4 2025 to remain valid until the end of March 2026.
- The China State Council has issued the National Action Plan for Solid Waste Comprehensive Management. The market interprets this plan as likely to increase tailings disposal costs for some mines and enhance the valuation of lithium ore assets.

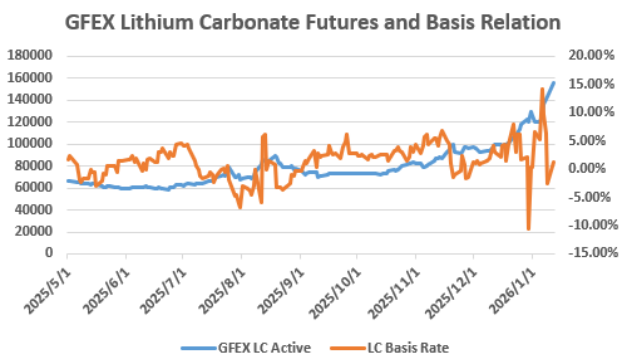
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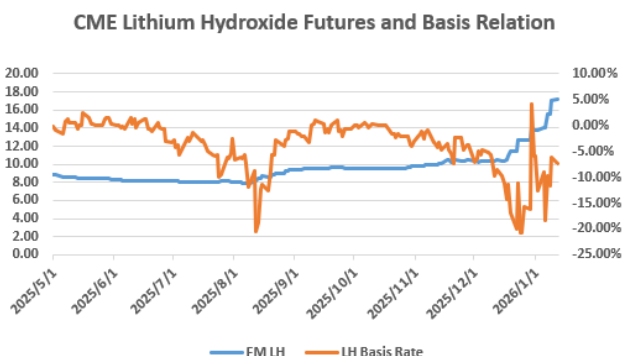
- The LH-LC price spread has continued to narrow, primarily driven by lithium carbonate's higher price elasticity and resilient spot buying interest.



- Lithium salt and spodumene prices have fluctuated within respective ranges without any trending moves, while their correlation has strengthened notably.



- Lithium carbonate futures on GFEX have seen heightened volatility recently, exposing material risks in cash-and-carry arbitrage strategies.



- The basis rate of lithium hydroxide futures on the CME Group has exhibited substantial volatility. It will be more indicative for reference purposes once it stabilizes.

Battery Components and Downstream Market:

Prices Movement	Last	Previous	Changes %
6-Series Ternary Precursors (yuan/ton)	86,375	86,725	- 0.40%
Prismatic Ternary Cells (yuan/Wh)	0.67	0.67	-
Lithium Iron Phosphate - Power (yuan/ton)	43,085	42,550	+ 1.26%
Lithium Hexafluorophosphate(yuan/ton)	169,000	158,000	+ 6.96%

In 2025, China's power battery cell output reached a cumulative 1,245.5 GWh, representing an increase of 41.9% YoY. Global NEV sales are projected to hit 20.45 million units for the full year, up 20% YoY. According to data compiled by Shanghai Metals Market (SMM), China's energy storage battery cell output stood at 529.4 GWh in 2025, surging by 54% YoY.

According to SMM data, China's battery production scheduling in January recorded a 5.9% month-on-month (MoM) decrease, with power battery cells down 6.1% MoM and energy storage battery cells remaining flat MoM. Among upstream materials, ternary cathode materials dropped 4.4% MoM, lithium iron phosphate (LFP) fell 10% MoM, and electrolyte slid 6.1% MoM. Following the reduction in export tax rebates, battery enterprises are facing profit erosion; they may further pass on cost pressures to customers while also stepping up cost control efforts on the supply side. Notably, lithium hexafluorophosphate (LiPF₆), which experienced a late price surge compared with other battery materials, started a mild downtrend in mid-December 2025, making it the material that "peaked latest but declined earliest" across the entire battery industry chain.

The Democratic Republic of the Congo (DRC) has extended the validity of its Q4 2025 cobalt export quotas to Q1 2026. However, shipments are not expected to arrive at Asian ports until Q2 2026 due to logistics lags, leaving the global market for cobalt salts and cobalt intermediates in a tight supply situation in the short term.

Data Sources: Bloomberg, SMM, Fastmarket, FIS

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