

Battery Metals Market Signals

Bull

- The cross-year robust momentum witnessed in the metals sector from December 2025 to January 2026 was underpinned by the synergistic interplay of four core drivers: global monetary easing, supply-demand imbalances, geopolitical catalysts, and capital inflow resonance. During this period, silver and copper prices surged to all-time highs, lithium salt hit a two-year peak, and the sector saw a substantial surge in net capital inflows, with synchronous strength observed across both futures contracts and equities.
- Given the high concentration of lithium resources in South America—where supplies are constrained by policy and geopolitical factors—the US actions against Venezuela have amplified market concerns over the instability of overseas lithium supply.
- Ternary cathode materials witnessed a sharp rally last week, primarily driven by the surge in nickel sulfate prices amid a strong rebound in nickel futures. However, battery cell manufacturers have maintained a wait-and-see stance, sticking to a demand-based procurement strategy.
- Traders' restocking activities, coupled with auction sales of lithium concentrates by major mines amid elevated price levels, have driven up the trading prices of spodumene to new highs.
- Against the backdrop of prior inventory adjustments, lithium salt producers and physical holders are currently exhibiting strong reluctance to sell, with their quoted prices continuously climbing in tandem with the upward trend of lithium carbonate.

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Bear

- Following the full implementation of the previous round of price hikes by lithium iron phosphate (LFP) producers, their production activities have gradually slowed down. Concurrently, downstream orders for LFP materials have registered a modest decline, with some material manufacturers opting for maintenance shutdowns.
- Global demand for passenger vehicles and commercial vehicles is projected to see a month-on-month decline in January, reflecting the combined impact of seasonal factors and market headwinds.
- From the demand side, the Chinese cobalt tetroxide market is in its traditional off-season, with downstream enterprises having already built up sufficient inventories in advance, resulting in currently limited marginal demand in the market. As for cobalt intermediates, smelters remain cautious in their procurement activities due to negative processing margins. Nevertheless, raw material shortages persist, given that the bulk shipments of cobalt concentrates from the DRC are not expected to arrive at Chinese ports until April or later.
- Downstream battery cell manufacturers have limited tolerance for price increases, leaving electrolyte producers unable to fully pass on the upward cost pressure from raw materials to the downstream market. As a result, some electrolyte orders are facing the risk of losses, which in turn has weakened the willingness of electrolyte producers to accept current pricing levels for raw material procurement. Consequently, the prices of key raw materials such as lithium hexafluorophosphate have registered a modest pullback.

Others

- As of the week ending Jan 9th, the weekly trading volume of lithium carbonate on the Guangzhou Futures Exchange was 3,912,510 tons, up 50.04% on the week. The open interest was 1,001,115 tons, up 8.64% on the week.
- The registered warehouse warrants of lithium carbonate on the Guangzhou Futures Exchange were 26,360 tons last week, compared with 20,281 tons in previous week.

Sources: SMM, China Passenger Car Association, Bloomberg, MySteel, China Customs, Guangzhou Futures Exchange, FIS, China National Bureau of Statistics, CME.

Weekly Futures Price and Open Interest Change

Open Interest /lots	Cobalt Metal	Lithium Hydro	OI WoW %	Cobalt Metal	Lithium Hydro	Price	Cobalt Metal \$/mt	Lithium Hydro \$/mt	Price WoW %	Cobalt Metal \$/mt	Lithium Hydro \$/mt
Jan-26	935	2,637	Jan-26	0.0%	-7.1%	Jan-26	56,108	17,970	Jan-26	2.3%	16.2%
Feb-26	1,087	2,580	Feb-26	1.7%	-6.1%	Feb-26	58,643	18,050	Feb-26	2.8%	16.7%
Mar-26	1,212	2,874	Mar-26	-0.7%	5.7%	Mar-26	59,370	18,330	Mar-26	3.5%	18.5%
Apr-26	850	1,937	Apr-26	12.9%	23.7%	Apr-26	60,958	18,750	Apr-26	3.0%	17.5%
May-26	831	1,854	May-26	11.7%	16.0%	May-26	61,068	18,730	May-26	3.2%	17.4%
Jun-26	911	2,111	Jun-26	10.6%	10.6%	Jun-26	61,134	18,820	Jun-26	3.3%	17.9%
Jul-26	413	1,713	Jul-26	2.5%	6.5%	Jul-26	61,465	19,030	Jul-26	3.8%	14.6%
Aug-26	549	1,319	Aug-26	1.9%	-5.0%	Aug-26	61,509	19,100	Aug-26	3.8%	15.1%
Sep-26	509	1,434	Sep-26	3.0%	-3.0%	Sep-26	61,575	19,270	Sep-26	3.8%	16.1%
Oct-26	575	1,331	Oct-26	0.0%	6.1%	Oct-26	61,729	19,580	Oct-26	3.8%	16.2%
Nov-26	569	1,248	Nov-26	0.0%	2.8%	Nov-26	61,795	19,600	Nov-26	3.5%	16.0%
Dec-26	676	1,243	Dec-26	0.0%	2.8%	Dec-26	61,840	19,770	Dec-26	4.0%	16.6%
Jan-27	426	135	Jan-27	0.0%	0.0%	Jan-27	62,281	19,940	Jan-27	4.0%	15.1%
Feb-27	381	158	Feb-27	0.0%	0.0%	Feb-27	62,347	20,300	Feb-27	3.7%	16.8%
Mar-27	399	185	Mar-27	0.0%	0.0%	Mar-27	62,391	20,400	Mar-27	3.7%	17.0%
Apr-27	358	10	Apr-27	0.0%	0.0%	Apr-27	62,457	20,700	Apr-27	3.8%	17.7%
May-27	358	10	May-27	0.0%	0.0%	May-27	62,501	20,800	May-27	3.2%	18.0%
Jun-27	273	10	Jun-27	0.0%	0.0%	Jun-27	62,501	20,900	Jun-27	3.1%	18.2%
Jul-27	259	115	Jul-27	0.0%	0.0%	Jul-27	62,501	21,200	Jul-27	3.0%	18.9%
Aug-27	259	115	Aug-27	0.0%	0.0%	Aug-27	62,501	21,300	Aug-27	3.0%	19.1%
Sep-27	313	115	Sep-27	0.0%	0.0%	Sep-27	62,501	21,400	Sep-27	2.9%	19.4%
Oct-27	283	115	Oct-27	0.0%	0.0%	Oct-27	62,567	21,700	Oct-27	2.6%	16.7%

Source: CME

CONTACT

Anna Chadwick
AnnaC@freightinvestor.com
m: (+44) 2070901126

Lina Liu
LinaL@freightinvestor.com
m: (+86) 15000131292

Luke Vint
LukeV@freightinvestor.com
m: (+44) 7749701512

Bryan He
BryanH@freightinvestor.com
m: (+86) 18981835193