

10/2/2026

Lithium Salt and Spodumene Market:

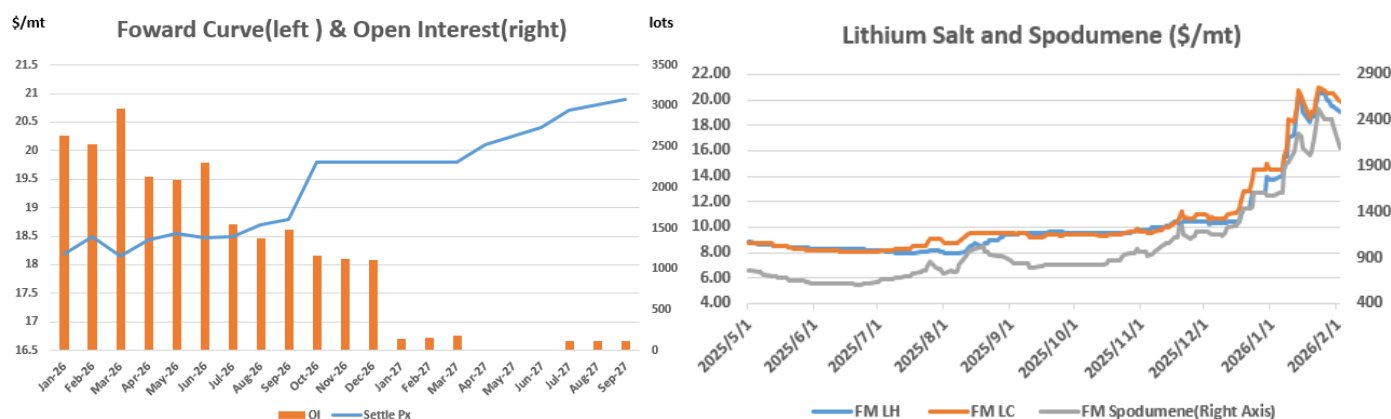
- ⇒ **FastMarket Lithium Hydroxide:** Our view is short-run **Neutral**. Ahead of the Chinese New Year (CNY), lithium carbonate producers in China have gradually cut run rates. Lithium salt exports from Chile rose sharply, with global lithium supplies flowing to China. Downstream demand softened in February, but March battery and material production schedules are set to increase significantly.
- ⇒ **FastMarket Spodumene:** Our view is short-run **Neutral**. Following the rise in lithium salt prices, international spodumene miners have become more willing to expand production.

Prices Movement	9 - Feb	2 - Feb	Changes %	FIS Sentiment
FastMarket Lithium Hydroxide Monohydrate				
CIF China, Japan & Korea (\$/kg)	16.50	19.00	-13.16%	Neutral
FastMarket Lithium Carbonate Spot CIF				
China, Japan & Korea (\$/kg)	17.60	19.90	-11.56%	Neutral
SMM Lithium Carbonate Spot China				
(yuan/ton)	134,390	154,434	-12.98%	Neutral
FastMarket Cobalt 30% (\$/kg)	25.80	25.80	0.00%	Neutral
FastMarket Spodumene min 6% Asia				
(\$/ton)	1832.5	2098.0	-12.65%	Neutral

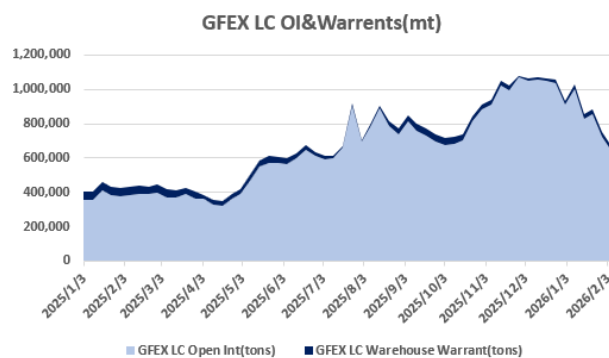
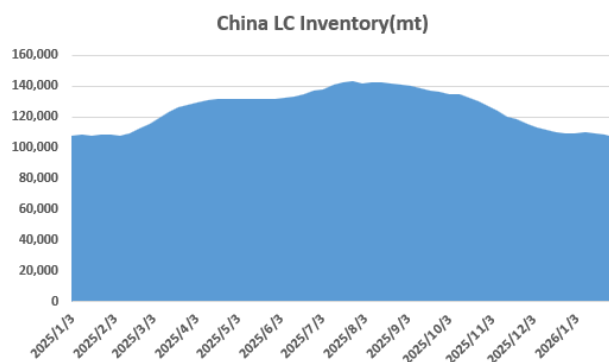
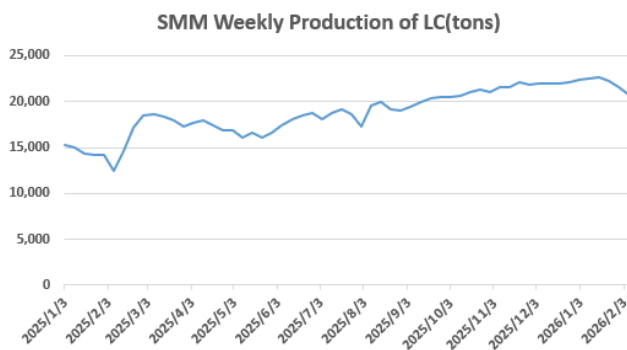
Last week, open interest in GFEX lithium carbonate fell by a further 15%, while open interest in CME lithium hydroxide dropped by nearly 12% over the same period. As expected in our previous two reports, volatility in lithium salt derivatives has declined after sharp swings. Coupled with macro risks and the upcoming CNY, investors have gradually shifted into holiday mode to hedge risks. With extreme volatility abating, opportunities in basis trading have re-emerged.

The broad macro cycle for commodities cooled, giving way to a phase of inter-market divergence. We saw a bearish cycle from July to November last year, a rebound cycle from November to January, and a consolidation phase with falling volatility in February. Battery-related commodities outperformed during the broad cycles but have recently entered a consolidation phase alongside most commodities. Throughout February, the key variables will be US dollar movements, mineral policies across major economies, and the progress of new mine developments. In addition, a wave of strict global metal regulation among major exchanges has significantly weighed on overall speculative activity.

Despite stronger exports of new energy vehicles and batteries, China demand weakened even more sharply. In January, BYD, the world's largest NEV maker, saw a steep month-on-month(MoM) and year-on-year(YoY) drop in sales, which are expected to remain weak or fall further in February.



Lithium Salt and Spodumene Market(Cont'd):

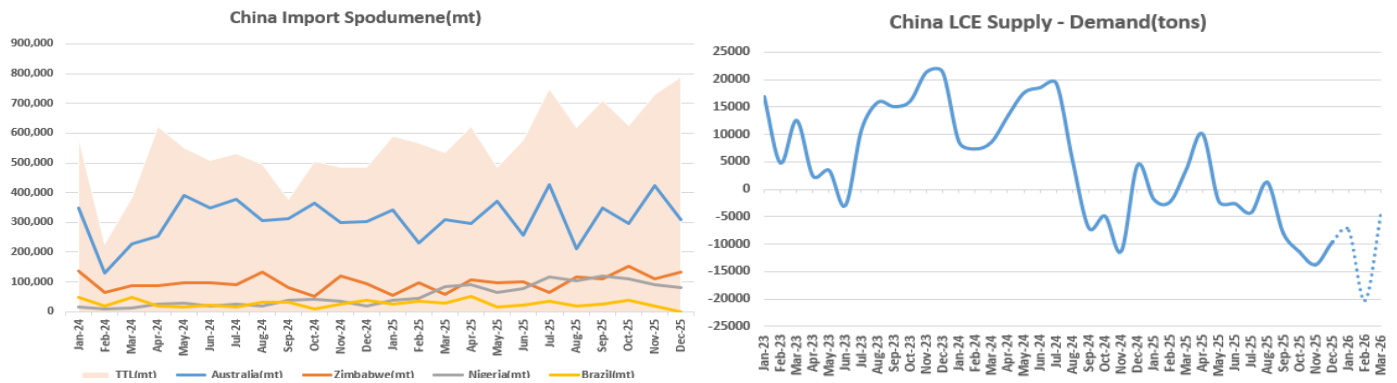


Output of core power battery materials also declined notably in January and February, with a return to December 2025 levels not expected until April. Demand for energy storage batteries remained relatively stable, even in the weakest demand month of February, volumes were nearly flat with December. Growth in energy storage battery demand is conservatively estimated at 50% in the first quarter in 2026. Starting from the second quarter, overall market demand is expected to stay firm, supported by a gradual recovery in power battery demand and a strong rebound in energy storage battery demand.

Looking at valuation, the near-term ceiling for lithium carbonate stands at 190,000 yuan/ton, corresponding to the threshold IRR yield targeted by Chinese reserve entities. The short-term floor is supported above 90,000 yuan/tonne, based on cost calculations for integrated mining and processing operations inclusive of tax rates. In detail, lepidolite mining capacity faces environmental pressures and tax recalculations, lifting its full cost to 90,000 yuan/ton. Furthermore, spodumene prices have risen markedly: the implied lithium carbonate cost is 82,000 yuan/ton based on end-December 2025 spodumene prices, and 96,000 yuan/ton at current spodumene prices.

Currently, China's lithium carbonate inventory turnover stands at 30 days, corresponding to 105,000 tons of social inventory, which is at the edge of the theoretical safety area. If this turnover ratio fall to 25 days (around 81,000 tons of social inventory), the demand deficit will become highly pronounced. If a trend threatening the safety threshold re-emerges, prices could surge sharply, even before inventories actually reach that level. Part of the sharp rally in lithium carbonate last year and in January 2026 was driven by market concerns over tightening supply due to a sharp drop in liquid inventories, even though inventory levels back then were not as low as they are now. Therefore, absolute inventory levels will be secondary going forward; the trend of inventory destocking is far more critical. Naturally, price sensitivity intensifies as absolute inventories decline. From a fundamental perspective, lithium salt prices are bound to return to high volatility after the CNY if regulatory restrictions ease. Our Supply and Demand balance sheet indicates that the market could remain in a tight balance in March and April, while the scenario of extreme shortage has passed.

Lithium Salt and Spodumene Market(Cont'd):



As high volatility in derivatives markets has subsided, the window for excessive spot-futures arbitrage has closed. However, normal basis trading opportunities have increased.

In the offshore market, the LH-LC spread has traded between -\$1/kg and -\$1.25/kg. Lithium carbonate demand remains relatively rigid, while softer NCM cathode cell prices have weighed on lithium hydroxide. Lithium hydroxide spot prices have fallen from \$19/kg in late January to \$14/kg. Buying interest emerged at \$13.5/kg, with selling pressure fading at this level. Lithium carbonate spot prices dropped from \$18/kg in late January to \$16/kg. Spodumene prices fell from a late-January high of \$2,165/ton to \$1,780/ton. Trading activity in lithium salts and spodumene started to thin out over the past weekend, as market participants sought to avoid sharp swings around the holiday. Meanwhile, lower prices have led to reluctance among miners and traders to sell.

In the short run, in our opinion, lithium and spodumene are both neutral.

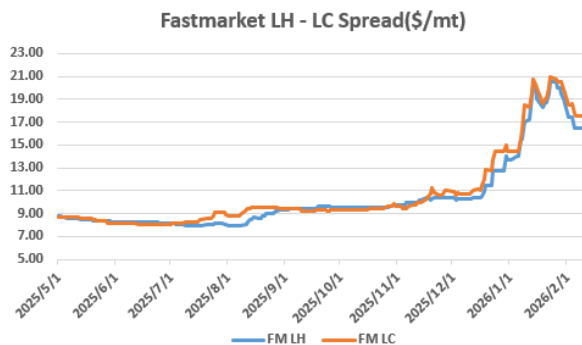
In the mid run, in our opinion, lithium and spodumene are both bullish.

In the short run, we believe that the volatility could decrease.

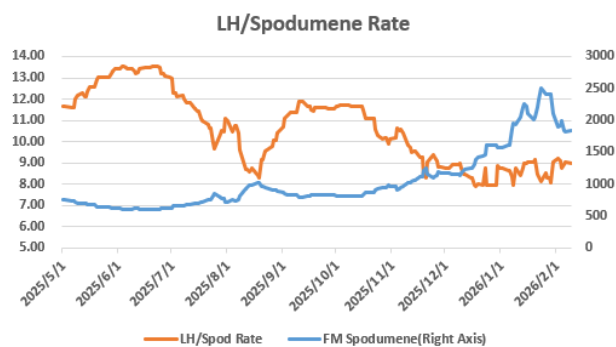
Market News List:

- From February 2 to 8, 2026, Mysteel data showed total shipments of Australian lithium concentrate to China reached 85,000 tonnes, up 50,000 tonnes MoM.
- Chile's lithium salt exports in January 2026 totaled 39,300 tonnes LCE, up 76% MoM and 38.7% YoY, including lithium carbonate exports of 22,900 tonnes.
- In Lontown Resources' latest quarterly report, Kathleen Valley produced 105,000 tonnes of lithium concentrate in Q4 2025, up 21% MoM, and sold 112,000 tonnes, up 45% MoM.
- PLS signed a two-year spodumene concentrate off-take agreement with Tianyi Lithium, with an annual supply of 150,000 tonnes and a floor price of US\$1,000/t on a SC6 basis, with no price cap.
- Major Australian lithium mines maintained steady and increasing supply in Q4 2025.
- Total lithium concentrate output from the six major mines rose 4.4% YoY, while sales grew a more pronounced 12.8% YoY.
- BYD announced sales of approximately 210,000 new energy vehicles in January 2026, down 30% YoY. Of these, battery electric vehicle sales were 83,200 units (down 33.60% YoY), and plug-in hybrid sales 122,300 units (down 28.53% YoY). Geely Auto sold 270,167 vehicles in January 2026, up 1% YoY and 14% MoM.

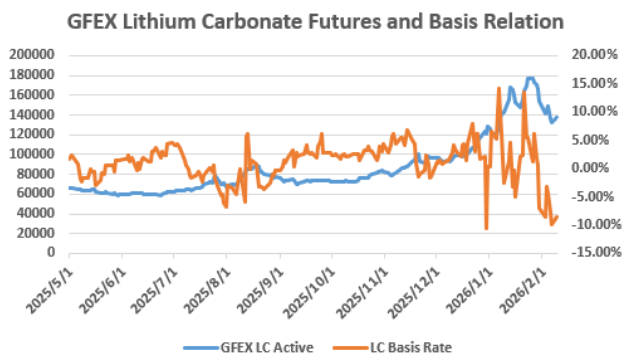
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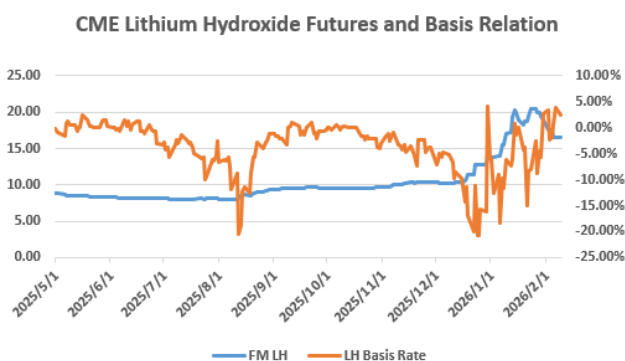
- The LH-LC spread remains around -\$1/kg. Lithium carbonate saw marginal demand support, while lithium hydroxide is weak on the back of declining NCM cathode cell output.



- The Salt-to-Spodumene ratio has traded narrowly over the past two months, indicating a strong correlation between lithium salt and spodumene prices.



- Price range for GFEX lithium carbonate has narrowed recently, with volatility declining.



- With prices stabilizing, basis trading opportunities have re-emerged alongside lower basis risk.

Battery Components and Downstream Market:

Prices Movement	Last	Previous	Changes %
6-Series Ternary Precursors (yuan/ton)	95,050	95,950	-0.94%
Prismatic Ternary Cells (yuan/Wh)	0.69	0.69	0.00%
Lithium Iron Phosphate - Power (yuan/ton)	53,270	55,185	-3.47%
Lithium Hexafluorophosphate(yuan/ton)	125,000	138,500	-9.75%

Nickel sulfate prices corrected sharply lower alongside nickel prices, dragging down cathode precursor prices slightly. For February cathode precursor orders, some firms prefer to keep existing discounts ahead of the CNY holiday with no further adjustments for now. Negotiations will resume after the holiday. Long-term contracts are signed over shorter tenors of one quarter or one month. Pre-holiday purchasing demand is limited.

The upcoming rollback of export tax rebates for autos and batteries will weigh more heavily on power battery cells, coinciding with the China demand trough in January and February. A recovery in power battery cells may not happen until after April. Thanks to rigid energy storage demand, less than 10% of LFP capacity will undergo maintenance during the CNY, with no full shutdowns. The rest of the capacity continues operating at high rates. China domestic logistics will be disrupted during the holiday, so downstream firms are still restocking this week.

Against an amply supplied market, lithium hexafluorophosphate (LiPF₆) prices have fallen 27% from their December highs. Demand for VC solvent remains weak, with prices also trending lower. Driven by broad cost declines, electrolyte prices continue to soften.

Data Sources: Bloomberg, SMM, Fastmarket, FIS

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