

3/2/2026

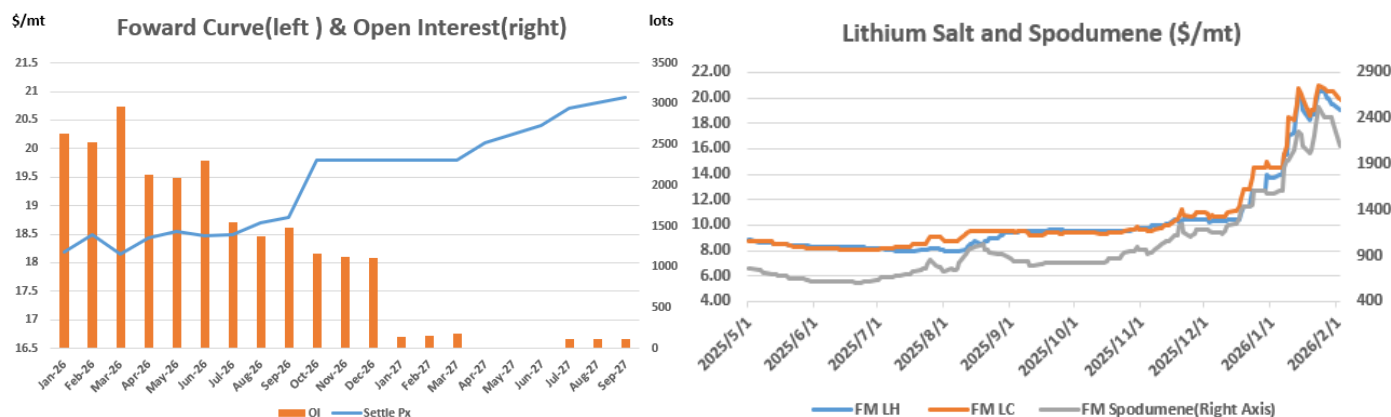
Lithium Salt and Spodumene Market:

- ⇒ **FastMarket Lithium Hydroxide:** Our view is short-run **Neutral**. Lithium salt prices have corrected lower under the pressure of broad macro market declines and weakening downstream data, yet robust spot purchasing sentiment is expected to underpin a recovery. After the sharp price drop, spot demand has remained resilient, thus bringing considerable opportunities for price fixing against futures.
- ⇒ **FastMarket Spodumene:** Our view is short-run **Neutral**. Overseas spodumene miners have a strong price-firming sentiment, but some plan to resume production. Together with the recovery of overseas lithium salt capacity, miners have limited short-term pricing power.

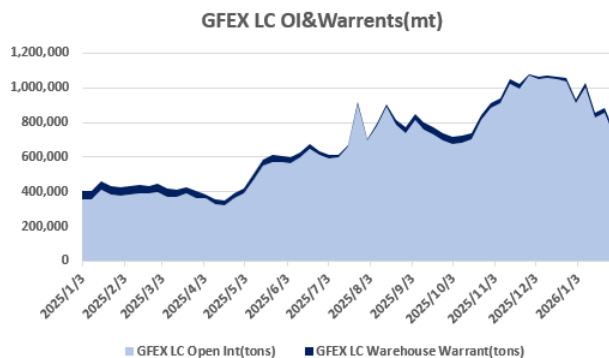
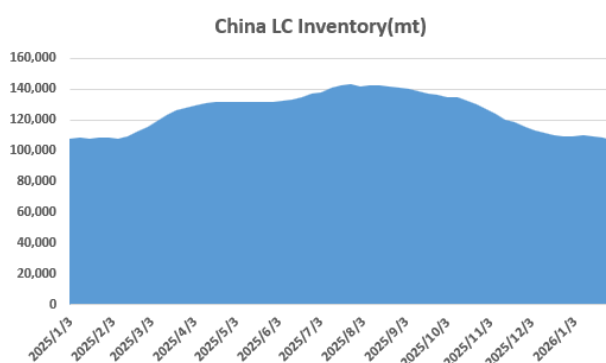
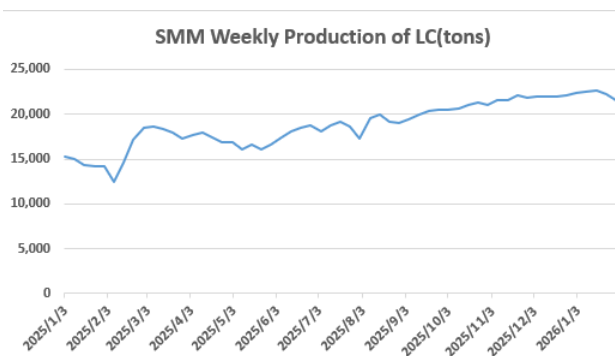
Prices Movement	2 - Feb	26 - Jan	Changes %	FIS Sentiment
FastMarket Lithium Hydroxide Monohydrate CIF China, Japan & Korea (\$/kg)	19.00	20.00	- 5.00%	Neutral
FastMarket Lithium Carbonate Spot CIF China, Japan & Korea (\$/kg)	19.90	20.50	- 2.93%	Neutral
SMM Lithium Carbonate Spot China (yuan/ton)	154,434	178,964	- 13.71%	Neutral
FastMarket Cobalt 30% (\$/kg)	25.80	25.75	+ 0.19%	Neutral
FastMarket Spodumene min 6% Asia (\$/ton)	2098.0	2410.0	- 12.95%	Neutral

The GFEX lithium carbonate open interest hit a 1.09 million ton historical high last November, down 37% so far, with trading volume falling nearly 70% from its peak. CME lithium hydroxide open interest dropped 18% over the same period. The market pulled back sharply from an all-time high last Monday and rallied sharply last Tuesday – we mentioned a cyclical top and a correction in our report of 27th January 27th. Previously, we predicted the fundamental inflection point arrived after the 23rd September 2025. Currently, slumping speculative activity means a potential drop in short-term volatility could be a better trading opportunity. Another short-term play is basis trades, used to lock in cargo profits/costs during extreme futures volatility. Spread structures offer a short-to-medium term opportunity, with repeated trading on market structural trends. After the sharp price drop, resilient spot demand has brought solid profits from fix pricing against futures.

In the short term, macro risks outweigh fundamental factors, such as the sharp pullback in gold and silver prices. Gold and silver have long been the world's two largest asset classes, and their steep decline could trigger default risks for some institutions. However, many institutions are unable to hedge risks via derivatives. Instead, they have to inject capital to cover losses while reducing the delta of their overall positions. This has thus taken capital away from other commodities and equity markets in the short run, leading to a broad-based decline.



Lithium Salt and Spodumene Market(Cont'd):

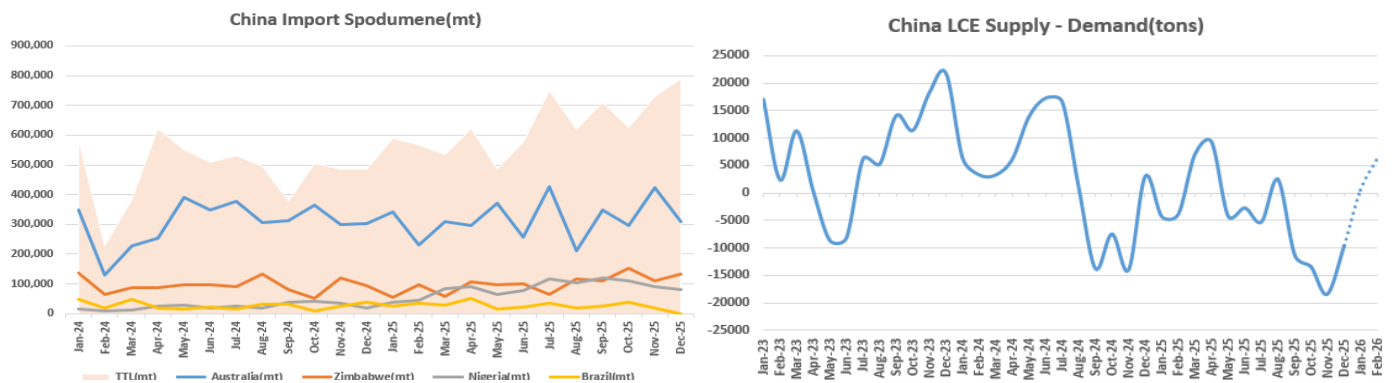


Additionally, most non-ferrous metals have hit all-time highs, yet processing margins and downstream profit margins remain severely compressed. With long-term contract prices also locked in, the upside for marginal market prices may be limited. Commodities will see a phase of mean reversion to their underlying fundamentals once risks abate. US President Donald Trump, along with numerous resource-rich countries, has introduced the concept of strategic minerals stockpile, with lithium salts, lithium ore and copper repeatedly featured on the relevant lists.

The short-term price ceiling coincided with the 190,000 yuan/ton threshold of the maximum IRR yield for state-owned energy storage enterprises. The short-term price floor should be above 90,000 yuan/ton: considering the costs of lepidolite, the price rally of spodumene and the production trough of China's salt lake lithium, the industry's equilibrium cost has moved upward. Historically, after the market experiences stringent regulation coupled with a sharp drop in open interest, the probability of a re-test of previous highs/lows is extremely low. Recently, for example, in the polysilicon market, volatility has declined markedly as liquidity ebbed. Therefore, the formation of the 90,000-190,000 yuan/ton range is unlikely from a volatility perspective, and the short-term range can be viewed at 120,000-170,000 yuan/ton instead reasonably. Alternatively, for directional traders, a reverse trade can be considered upon a breakout of this range. After the sharp price drop, spot demand has remained resilient, thus bringing chances for price fixing against derivatives.

Our lithium carbonate supply-demand analysis points to a steadily improving marginal balance, with the supply gap already eliminated. SMM data shows inventories plummeted 1,414 tons last week – the steepest destocking in seven weeks – driven mainly by traders' capital withdrawal ahead of the Chinese New Year. The market will stay in tight balance through March, with April and onwards contracts tied to long-term expectations. We expect this tight balance to continue in March-May, with a monthly supply shortfall of 3,000-4,000 tons. Supply is set to ease in June-July as salt lake lithium production ramps up, mines resume operations and lithium salt/spodumene imports surge notably. After April, automakers will face severe profit pressure from expired subsidies, and battery makers will likely tighten raw material cost controls. Notably, upstream battery material prices fell broadly in January, making the lithium salt price correction a lagging move.

Lithium Salt and Spodumene Market(Cont'd):



For midstream materials, lithium hexafluorophosphate, NCM ternary materials and LFP cathode materials are all in a correction phase. With the recovery of cobalt and nickel supply, marginal supply growth will likely further cap the upside of NCM ternary material prices. After the sharp price drop, spot demand has remained resilient, thus bringing considerable profits from point pricing on the futures market.

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

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

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

Market News List:

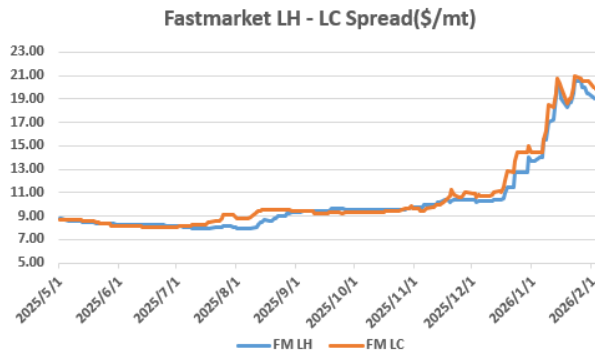
- Australian lithium miners Global Lithium and Bald Hill plan to resume production.
- On 30th January, Bolivia's Minister of Economy Espinoza announced a review of the compliance of lithium agreements with Chinese and Russian enterprises, citing the lack of parliamentary approval and transparency in the contracts signed by the previous government and the need to align with the new parliamentary legislation.
- According to the latest financial report disclosed by Lontown Resources, Kathleen Valley produced 105,000 tons of lithium concentrate in Q4 2025, a month-on-month increase of 21%.
- Sigma Lithium announced the resumption of mining activities at the Vale do Jequitinhonha mine in Brazil as scheduled.
- US president Donald Trump plans to launch a strategic critical mineral reserve program with an initial funding of \$12 billion, named Project Vault, which will cover rare earths and critical minerals in its reserve scope.
- In the short term, LFP cathode material manufacturers have increased spot purchases at relatively low price levels due to rigid demand and the need to stock up on lithium carbonate resources for February. The proportion of long-term contracts has declined compared with last year, and rigid demand has become the key factor supporting prices this month.
- Retail sales of new energy passenger vehicles (including BEVs and PHEVs) in China are estimated to reach 800,000 units in January 2026, a year-on-year decrease of about 15.3% and a month-on-month drop of approximately 52%, with the penetration rate falling back to 44.4%. The core reasons include demand overdrift caused by the switch of purchase tax policies at the end of 2025, coupled with disruptions to consumption rhythms ahead of the Spring Festival.

Lithium Salt and Spodumene Market(Cont'd):

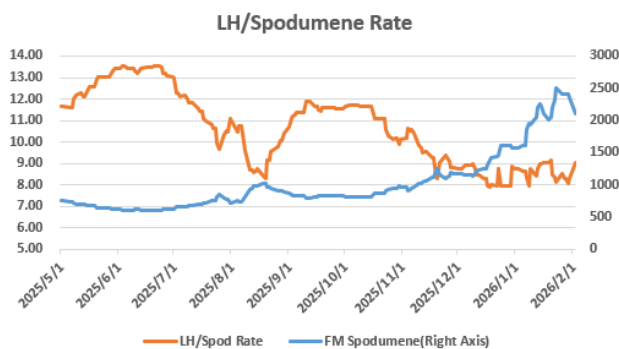
Market News List:

- Some high-nickel battery manufacturers have ramped up production to boost exports, yet more enterprises may start production cuts as the export window approaches.
- Last week, the GFEX imposed position limits on some clients who engaged in irregular trading activities in the lithium carbonate futures contract.
- According to the public information on the Suzhou Public Resources Trading Network, Suzhou Hi-Tech Urban Transportation Development Group Co., Ltd. has officially released the bidding document for the engineering, procurement and construction (EPC) of a major new energy project with a total investment of up to RMB 3.37 billion. It is reported that the project aims to build a production capacity of 700,000 sets of battery modules per year.
- Phase II of the EVE Energy plant in Malaysia, constructed by the First Engineering Co., Ltd. of China Construction Third Engineering Bureau, has been successfully put into production. As the first large-scale lithium battery plant project invested and constructed overseas by Huizhou EVE Energy, it produces cylindrical batteries with an annual capacity of 680 million units.
- The General Office of the State Council of China aims to promote the innovative development of the entire chain in the automobile circulation and consumption sector, and select some cities to carry out pilot projects.

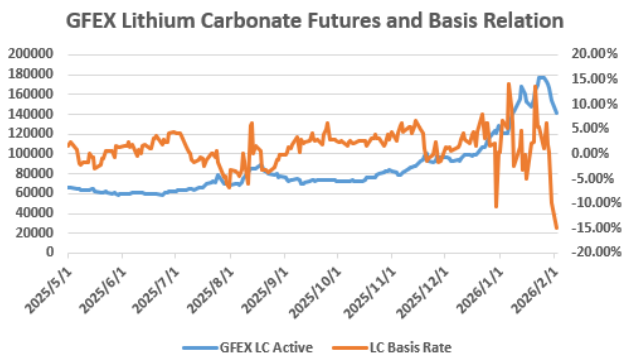
Lithium Salt and Spodumene Market(Cont'd):



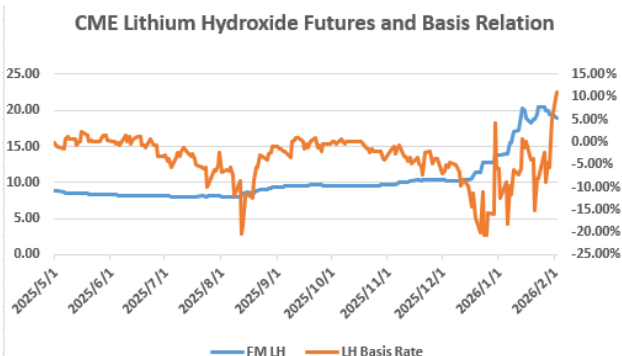
- The LH-LC price spread has weakened again, dropping from -\$0.25 to -\$1 per kilogram. Recently, the spot demand for lithium salts has been dominated by rigid demand, and the price spread is expected to fluctuate within a narrow range.



- The Salt-to-Spodumene ratio has fluctuated narrowly over the past two months, indicating a strong correlation between the two.



- Recently, the price range of lithium carbonate on GFEX has narrowed, and the implied volatility is expected to decline in the foreseeable future.



- After the sharp price drop, spot demand has remained resilient, thus bringing considerable profits from point pricing on the futures market.

Battery Components and Downstream Market:

Prices Movement	Last	Previous	Changes %
6-Series Ternary Precursors (yuan/ton)	95,950	96,650	- 0.72%
Prismatic Ternary Cells (yuan/Wh)	0.69	0.69	-
Lithium Iron Phosphate - Power (yuan/ton)	55,185	64,420	- 14.34%
Lithium Hexafluorophosphate(yuan/ton)	138,500	145,000	- 4.48%

Given significant market uncertainty over the future price trend of raw materials, upstream and downstream enterprises have decided not to sign long-term contracts with upstream suppliers. After nickel prices pulled back from recent highs last week, the production costs of NCM ternary materials have eased. The market share of high-nickel NCM ternary materials rose in January, yet the previous surges in lithium, cobalt and nickel prices have eroded the pricing margins of battery cells. On the other hand, power battery manufacturers have commenced maintenance in February, with a notable production cut expected.

LFP cathode material prices have corrected lower on the back of falling lithium carbonate and lithium hydroxide prices. Orders for power battery cells have declined, while demand for energy storage batteries remains robust. February production scheduling will see a sharp drop due to the Spring Festival holiday in China.

In the separator market, both supply and demand have weakened, as battery cell manufacturers had completed pre-holiday stockpiling. Nevertheless, prices of mid-to-high-end separator products have remained firm.

Electrolyte prices have declined on the back of a rapid increase in the supply of core raw materials such as lithium hexafluorophosphate (LiPF₆) and vinyl carbonate (VC), coupled with the ongoing demand off-season.

Data Sources: Bloomberg, SMM, Fastmarket, FIS

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