FIS

Battery Metals Weekly Report

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Lithium Salt and Spodumene Market:

⇒ **FastMarket Lithium Hydroxide:** Our view is short-run **Bullish**. Extremely low downstream inventories have provided strong support to lithium salt prices. Going forward, energy storage demand is set to remain a key driver for lithium carbonate. However, growth in EV battery demand may decline due to subsidy rollbacks, capping the upside room of lithium hydroxide.

⇒ **FastMarket Spodumene:** Our view is short-run **Bullish**. Spodumene prices rebounded sharply amid market concerns over low diesel inventories at Australian lithium mines and potential disruptions to operations.

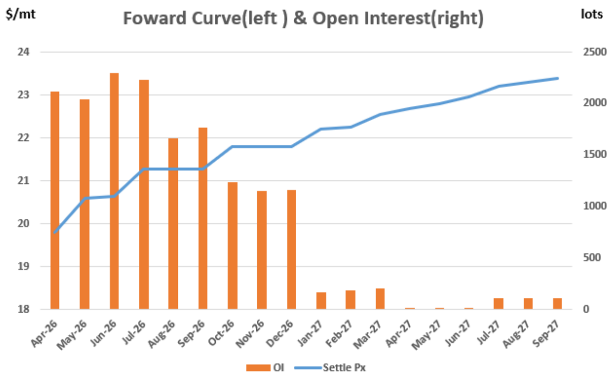
Prices Movement	30 - Mar	23 - Mar	Changes %	FIS Sentiment
FastMarket Lithium Hydroxide Monohydrate CIF China, Japan & Korea ($/kg)	20.50	18.75	+ 9.33%	Bullish
FastMarket Lithium Carbonate Spot CIF China, Japan & Korea ($/kg)	21.00	19.50	-	Bullish
Bloomberg Lithium Carbonate Spot China (yuan/ton)	159000.0	144500.0	+ 7.69%	Bullish
FastMarket Cobalt 30% ($/kg)	25.90	25.90	+ 10.03%	Neutral
FastMarket Spodumene min 6% Asia ($/ton)	2450.0	2005.0	+ 22.19%	Bullish

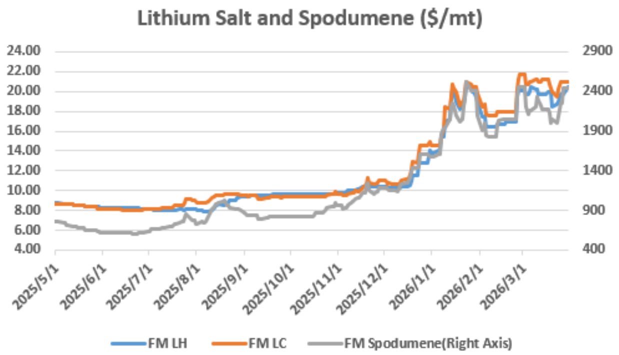
Open interest in both GFEX lithium carbonate futures and CME lithium hydroxide futures has rebounded to March highs. Lithium salt and spodumene prices have bounced sharply as expected. The rebound in both physical and futures markets remains incomplete from both trend and fundamental perspectives.

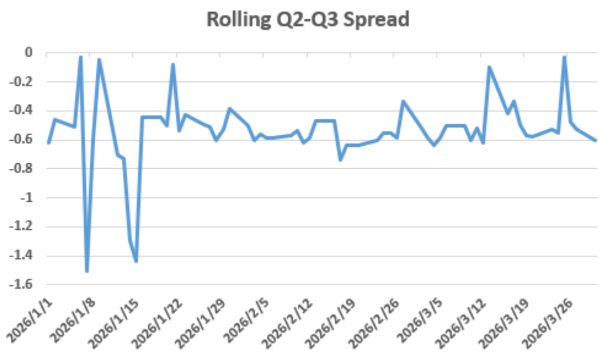
Last week, lithium hydroxide saw thin trading at $18–19/kg, with substantial volumes clearing above $19.25–$23.12/kg. Demand and prices rebounded in tandem, suggesting buyers stepped in decisively once a trend emerged. With the EV subsidy rollback looming and margins set to compress, market participants expect constrained capacity growth ahead. Lithium carbonate initially recorded some trades at $17.5/kg. As the futures market rebounded, spot buyers chased prices higher, while sellers lifted offers continuously, resulting in no subsequent deals. China's domestic lithium carbonate index also rose sharply over the same period, supported by resilient energy storage demand. After hitting a March low of $1,930/ton, spodumene attracted heavy bottom-fishing, pushing prices up to $2,600/ton. Bullish sentiment is strongest in spodumene, mainly on ongoing concerns over reduced available supplies following potential export disruptions from Zimbabwe.

In Q1 2026, China's power battery shipment is estimated at 240 GWh, up 20% YoY. Global power battery shipment reached 340 GWh, rising 17% YoY. By contrast, China's energy storage battery shipment totaled 180 GWh in Q1 2026, surging 81% YoY, with domestic energy storage battery shipment at 106 GWh, up 136% YoY. China's newly installed energy storage capacity hit 55 GWh, soaring 367% YoY, while global new energy storage installations reached 85 GWh, up 196% YoY. Growth in power battery demand has started to decline, while the energy storage battery growth is accelerating rapidly. Energy storage is expected to account for 41% of China's total lithium battery demand in 2026, versus 59% for power batteries. The two segments are expected to reach parity by 2027 in China. Globally, however, energy storage represents a smaller share with relatively slower growth.

Data Sources: Bloomberg, Fastmarket, FIS







China's lithium carbonate supply deficit widened steadily from August 2025 to January 2026, with CIF lithium carbonate prices surging 139% over the same period. In February–March 2026, supply continued to expand while demand softened due to the Chinese New Year effect and weaker EV sales, largely closing the supply gap. Correspondingly, lithium carbonate prices moved sideways.

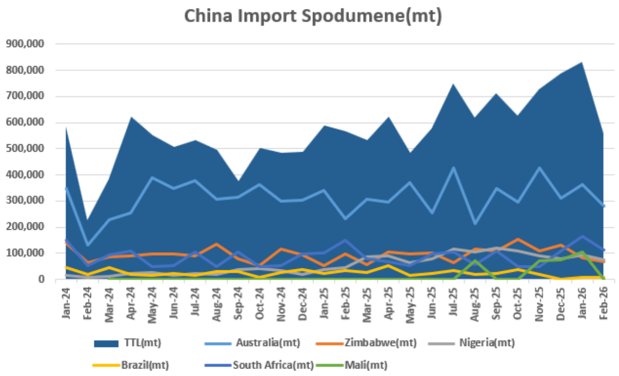
Looking ahead to April, despite reduced subsidies for EVs and power battery exports, overall battery demand is rising quickly. Meanwhile, import volumes and domestic production capacity remain constrained. According to our supply and demand balance sheet, the market should re-enter a supply shortage in April, which is likely to persist throughout Q2. Thus, lithium price is expected to remain strong in the mid-run.

In March, trader inventories flowed into battery manufacturers, with battery producers' inventory coverage standing at around 8 days. Restocking therefore remains an immediate priority. For imported spodumene, March is likely to see further increases both MoM and YoY. However, the impact of reduced exports from Zimbabwe will start to show in April, with shipments falling both MoM and YoY. The decline may widen further in May. In addition, markets are concerned over tight diesel inventories in Australia. Any slowdown in production would represent a significant shock to global spodumene supply, as Australia accounts for 53% of total global spodumene exports.

The basis widened in mid-March, narrowed again last week, and has reached another buying window early this week. Basis swing trading anchored around a 5% range theoretically offers sustained return potential. That said, excessive price swings may create one-sided liquidity risks in either futures or physical markets.

The CME lithium hydroxide rolling Q2-Q3 triggered a long signal at -$0.6/kg. While an extreme print of -$0.1/kg is operationally unlikely, a phase-wise recovery to -$0.35/kg is expected over the next two weeks. The overall spread structure has shown a gradual convergence trend in the second half of March, compared to the first half of March and February.

Data Sources: Bloomberg, Fastmarket, FIS



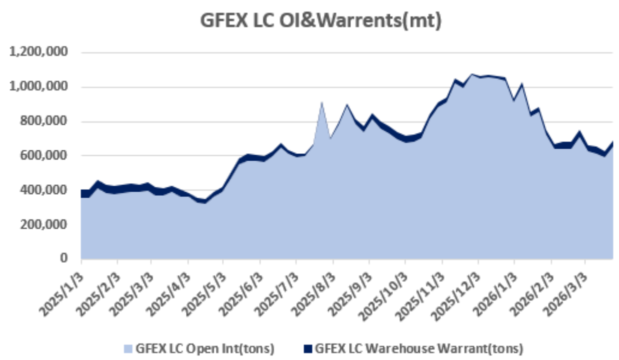
NCM cathode prices have edged higher, driven by the rebound in lithium salt prices. With rising cost pressures, coupled with seasonal demand recovery and support from export orders, the market is in a range-bound trend in the near term. However, after April, the downstream and export EV segments may shift toward higher margin models. The retreat of low margin production could lead to medium- term demand weakness.

LFP prices have rebounded in tandem with lithium carbonate, with stable growth in production and order books. During the Two Sessions, Zheng Shanjie, Chairman of the National Development and Reform Commission of China (NDRC), explicitly listed new energy storage as one of the Six Emerging Pillar Industries, underpinning the medium-term demand outlook for LFP and lithium carbonate from long-term storage growth. Electrolyte prices have passively tracked upstream raw material moves.

In the short run, from our view, lithium and spodumene are both Bullish.

In the mid run, from our view, lithium and spodumene are both Neutral to bullish.

In the short run, from our view, the volatility for both lithium and spodumene are expected to Decrease.



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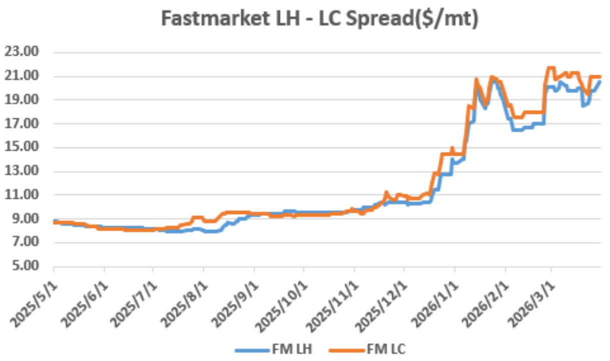
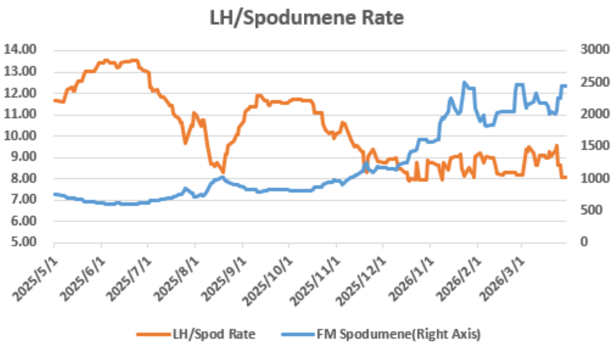
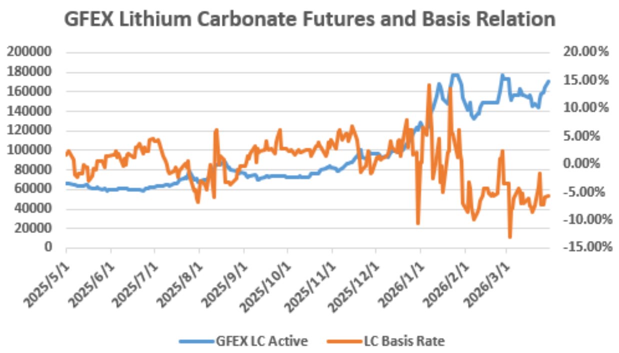


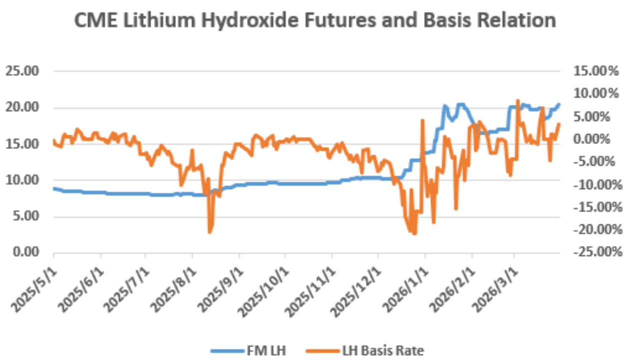
- The LH-LC spread rebounded from two-year low −$1.75/kg. Against the backdrop of persistent LC/LH price spread and weak LC demand, the price gap is likely to remain at a low level.



- The Salt-to-Spodumene ratio has weakened further, mainly due to market concerns over the supply stability of imported lithium spodumene.



- The GFEX lithium carbonate basis has oscillated at a relatively low level, with futures rebounding at a faster pace. The basis is expected to recover as physical demand catches up going forward.



- The CME lithium hydroxide basis is range-bound, with physical demand and futures moving in relative alignment.

Data Sources: Bloomberg, Fastmarket, FIS

Market News List:

- Mining accounts for 30% of Australia’s domestic diesel consumption. Several mines have already voluntarily reduced operating rates due to insufficient diesel inventories.
- On 26th March (local time), the government of the Democratic Republic of the Congo (DRC) announced the signing of a cooperation agreement with China to deepen collaboration in the mining sector. As a key global supplier of cobalt, copper, lithium and other critical minerals, this move further strengthens bilateral ties in strategic minerals.
- UBS analysts stated that Australian lithium miners still offer attractive risk-reward profiles, and geopolitical tensions in the Middle East could boost demand for electric vehicles.
- Yahua Group announced the signing of an offtake and sales agreement with MG LIT EMPREENDIMENTOS LTDA. Following stable production, the company will purchase no less than 120,000 dry metric tonnes (DMT) of spodumene concentrate annually for five years, with a floor price of US$1,000/DMT (basis 6% Li_2O).
- Dazhong Mining plans to sign a tripartite investment agreement with the Meishan Hi-Tech Industrial Park and Wanhua Chemical (Sichuan) Battery Materials to jointly develop a 200,000 tonnes/year lithium salts project.
- The State Administration for Market Regulation held its first 2026 symposium on fair competition, covering NEVs, lithium batteries, platform economy, PV and building materials. Authorities aim to curb low-level competition that disrupts market order, squeezes industry margins and hinders innovation.
- EVE Energy will invest in a 60GWh energy storage battery manufacturing project.
- Albemarle Corp plans to invest up to US$3.1 billion to deploy Direct Lithium Extraction (DLE) technology at its Chilean operations. The technology aims to nearly double lithium recovery while reducing brine extraction from the Atacama salt flat.

Data Sources: Bloomberg, Fastmarket, FIS