FIS

Battery Metals Weekly Report

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Lithium Salt and Spodumene Market:

⇒ **FastMarket Lithium Hydroxide:** Our view is short-run **Bullish**. Lithium salt prices have experienced a steady recovery. Marginal demand for ternary cathode materials is underpinned by the domestic consumer electronics and small-power sectors, providing support to lithium hydroxide. For lithium carbonate, upstream producers have exhibited strong price-defending sentiment, accompanied by rising output of lithium iron phosphate (LFP).

⇒ **FastMarket Spodumene:** Our view is short-run **Neutral**. As export quotas in Zimbabwe gradually take effect, room for repeated market speculation over supply tightness is becoming limited. Meanwhile, rising production from salt lake brine operations has partially offset shortages from spodumene.

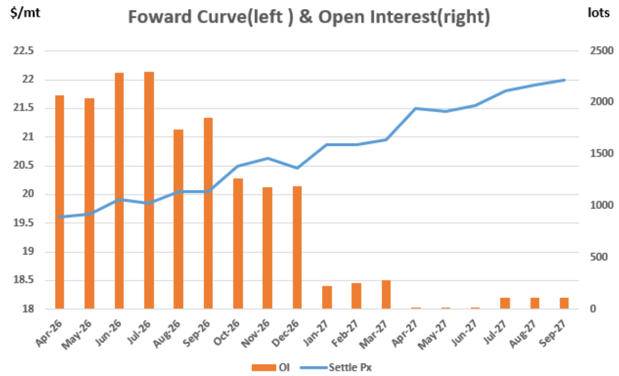
Prices Movement	13 - Apr	6 - Apr	Changes %	FIS Sentiment
FastMarket Lithium Hydroxide Monohydrate CIF China, Japan & Korea ($/kg)	20.50	19.75	+ 3.80%	Bullish
FastMarket Lithium Carbonate Spot CIF China, Japan & Korea ($/kg)	21.00	21.00	0.00%	Bullish
Bloomberg Lithium Carbonate Spot China (yuan/ton)	156500.0	155500.0	+ 0.64%	Bullish
FastMarket Cobalt 30% ($/kg)	20.75	20.75	0.00%	Neutral
FastMarket Spodumene min 6% Asia ($/ton)	2250.0	2290.0	- 1.75%	Neutral

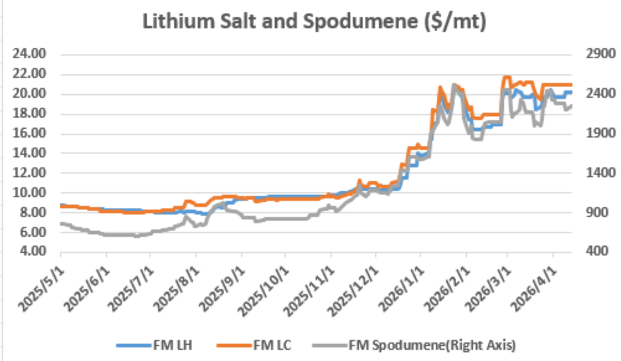
Our view on lithium salts and spodumene first expressed in late March has been sequentially validated. However, going forward, as the reduction in imported spodumene volumes is fully priced in and Zimbabwe expected to resume orderly quota-based exports, the outlook for spodumene may shift to neutral, while ramp-up production at China's salt lake facilities is likely to weigh on marginal spodumene demand. For lithium salts, following the implementation of the battery export tax rebate policy, a rapid pickup in energy storage orders has re-emerged as the key demand driver. On the macro front, capital has notably rotated back into the metals complex amid the pullback in crude oil, with the negative correlation between metals and crude oil also weakening since April.

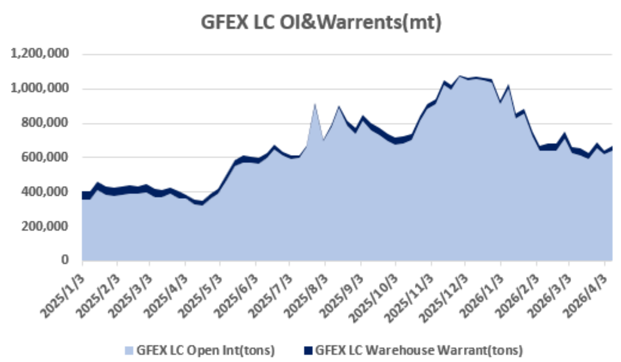
GFEX lithium carbonate futures have rebounded sharply to monthly highs, while CME lithium hydroxide futures saw a more muted bounce due to the Easter holiday. With a concentrated cancellation of standard warrants on GFEX due in May, warehouse receipts are set to drop significantly over the next two weeks, reducing near-term deliverable supplies. Consequently, the May26—July26 is expected to strengthen further.

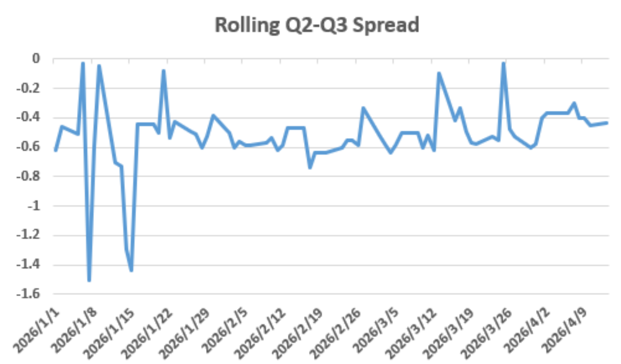
In the CIF market, trading in lithium hydroxide and lithium carbonate was thin in the first week of April due to the Easter holiday became more active in the second week. Mainstream deals for lithium hydroxide were concluded at $21.2–21.5/kg and for lithium carbonate at $20–22/kg. Since April, the lithium hydroxide index has edged slightly higher while the lithium carbonate index has stayed unchanged. Clearly, buying interest has faded amid relatively high lithium salt offers, yet downside demand remains rigid with active buy orders supporting the market on price declines. Spodumene has retreated modestly from late March levels, with inquiries at $2200–2250/ton, offers at $2300/ton, and mainstream transactions at $2180–2240/ton.

Data Sources: Bloomberg, Fastmarket, FIS









Data Sources: Bloomberg, Fastmarket, FIS

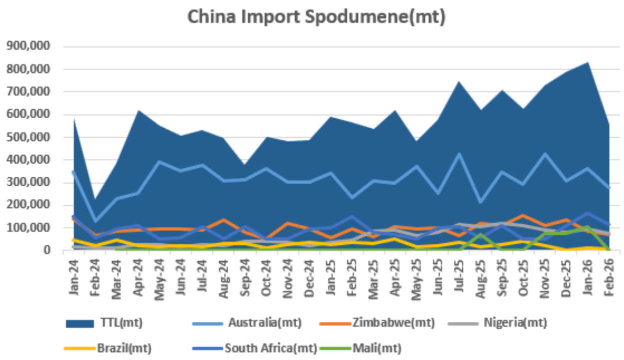
Similar to lithium salts, spodumene has entered a narrow range-bound movement in mid-April. In the onshore market, lithium carbonate producers have shown strong sentiment in defending prices and refusing to sell, holding offers below 155,000 yuan/ton, while sellers have displayed strong willingness to ship at 165,000 yuan/ton.

In Q1 2026, global energy storage battery shipments reached around 216 GWh, up 117% year on year, while global power battery shipments stood at about 215 GWh, rising 32% year on year. For Q2 2026, global energy storage battery shipments are forecast to hit 280 GWh and power battery shipments 460 GWh, representing strong growth both month on month and year on year.

From the balance sheet perspective, the lithium carbonate equivalent market only achieved a tight balance in March, while forward projections for April and May point to a renewed supply shortage. The full lithium carbonate industry chain currently has less than 30 days of usable inventory, indicating a tight supply situation, and upstream lithium salt plants hold inventories sufficient for fewer than 8 days, reflecting extreme tightness. Against this backdrop, combined with reduced spodumene imports, lithium salt producers are relatively price-sensitive and have a high probability of holding back inventories for better prices.

Since April, grid projects, long-duration energy storage and solar PV deployments have stimulated higher LFP production schedules worldwide, boosting lithium carbonate demand. Although the slowdown in electric vehicle sales growth may be limited, momentum in lithium hydroxide demand is supported by auto show activity, capacity expansions in battery projects, and a recovery in consumer electronics.

In April, the CME lithium hydroxide basis has traded in a volatile manner, swinging widely around the index and creating occasional trading opportunities. For GFEX lithium carbonate futures, a long basis strategy worked during the rally phase, although the basis rebounded this Monday. On the other side, once the basis ratio turns positive, a short strategy would emerge. With forced warrant cancellations for the May contract in GFEX, short basis strategy recently carries a larger safety margin due to limited deliverable futures volume.



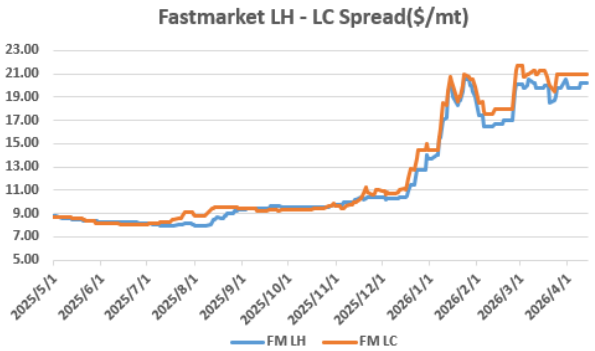
The CME lithium hydroxide rolling Q2-Q3 calendar spread repeatedly traded in a range of -\$0.6/kg to -\$0.35/kg in March. However, the range has recently narrowed to -\$0.45/kg to -\$0.37/kg. Given that we only reference average levels, practical trading room has largely vanished, so a wait-and-see approach is recommended.

In the Short Run, in our view, lithium salt is Bullish. In the Long Run, lithium salt is Bullish.

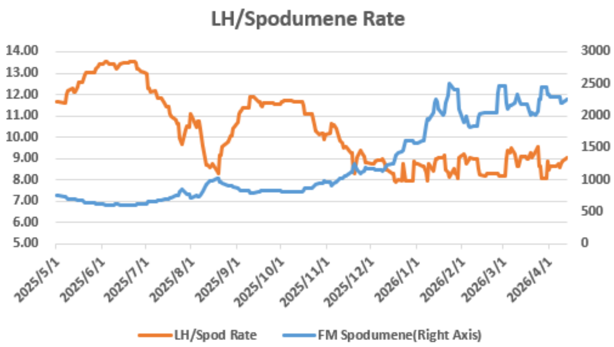
In the Short Run, in our view, spodumene is Neutral. In the Long Run, spodumene is Neutral.

In the Short Run, in our view, the volatility is Bearish.

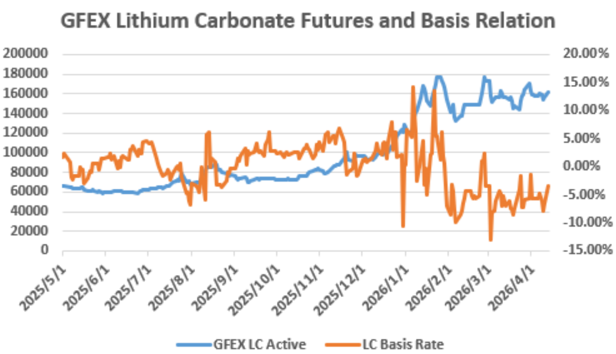
Data Sources: Bloomberg, Fastmarket, FIS



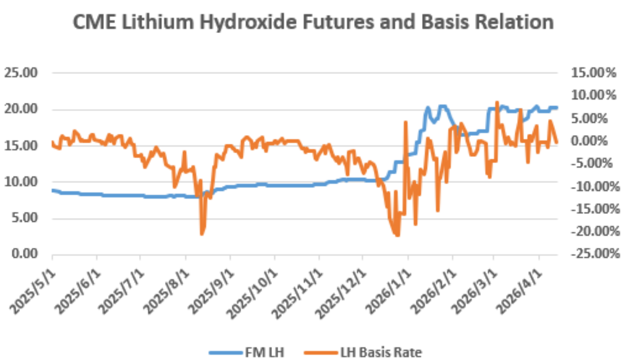
- The LH-LC spread rebounded from two-year low −$1.75/kg. Against the backdrop of persistent LC/LH price spread and weak LC demand, the price gap is likely to remain at a low level.



- 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:

- Recent reports suggest lithium exports from Nigeria may decline due to local container shortages and social unrest; the country accounted for 6% of global lithium supply in 2025.
- Four lithium mines in Yichun may suspend production in May for license renewal, which could further tighten lithium ore supply.
- Lithium ore shipments from Australia's Bunbury Port are estimated at 166,000 tons in April 2026, down 28.7% month-on-month.
- Elevated lithium salt prices have boosted exports of Chilean lithium carbonate and Australian spodumene. Meanwhile, Zimbabwe has issued quotas to selected enterprises, with spodumene exports expected to gradually normalize.
- China has extended its EV subsidy policy to support full-year demand. Q1 retail sales of new energy passenger vehicles reached 1.908 million units, down 21.1% year-on-year; future growth is expected to come from non-passenger vehicles such as electric trucks.
- A tentative ceasefire framework between US and Iran has led some capital to flow back into the non-ferrous metals sector.
- Chile will hold a dedicated lithium session for the first time at the annual Global Copper Conference opening next week, which may include discussions on a high royalty framework.

Data Sources: Bloomberg, Fastmarket, FIS