



# 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 staged 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 place, 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.

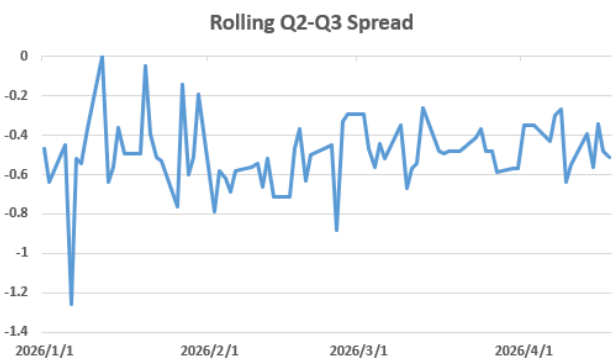
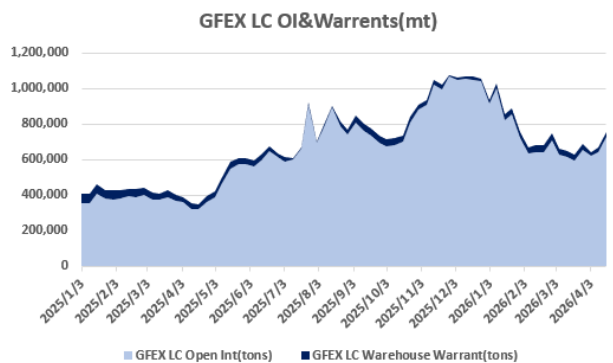
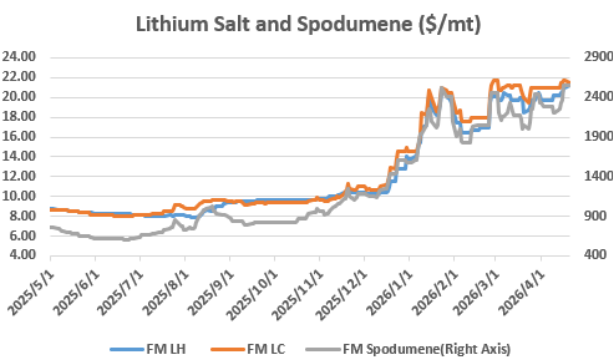
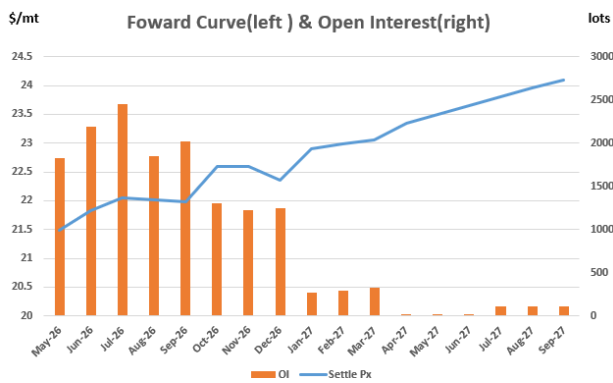
Prices Movement	20 - Apr	13 - Apr	Changes %	FIS Sentiment
<b>FastMarket Lithium Hydroxide Monohydrate CIF China, Japan &amp; Korea (\$/kg)</b>	<b>21.00</b>	<b>20.50</b>	<b>+ 2.44%</b>	<b>Bullish</b>
<b>FastMarket Lithium Carbonate Spot CIF China, Japan &amp; Korea (\$/kg)</b>	<b>21.50</b>	<b>21.50</b>	<b>0.00%</b>	<b>Bullish</b>
<b>Bloomberg Lithium Carbonate Spot China (yuan/ton)</b>	<b>167500.0</b>	<b>156500.0</b>	<b>+ 7.03%</b>	<b>Bullish</b>
<b>FastMarket Cobalt 30% (\$/kg)</b>	<b>20.75</b>	<b>20.75</b>	<b>0.00%</b>	<b>Neutral</b>
<b>FastMarket Spodumene min 6% Asia (\$/ton)</b>	<b>2550.0</b>	<b>2210.0</b>	<b>+ 15.38%</b>	<b>Neutral</b>

We turned persistently bullish on lithium salts and spodumene from late March through last week. During this period, the CIF index for lithium salts rose by 15%, spodumene prices gained 28%, and futures saw even stronger increases. Going forward, however, we are turning cautious as the market has become fully priced. The key supportive factors, including near-term export disruptions in Zimbabwe and fuel inventory stress in Australia, have now been largely priced in. While the energy storage sector remains strong in both supply and demand, domestic demand for power batteries is gradually weakening.

On the supply side, US diesel exports to Australia are due to arrive in May, which should alleviate diesel shortages for mining operations. In reality, major Australian lithium miners maintain diesel inventories of more than 21 days, while smaller miners hold less than 14 days. The incoming diesel volumes may not fully restore production at small- to mid-tier mines, but will fully cover the needs of large-scale operations. At present, at least 30% of small and medium-sized miners remain offline. Although Chinese firms have secured export quotas, the first shipment from Zimbabwe is not expected to reach Asia until June, meaning supply from Zimbabwe will remain effectively disrupted in April and May. With Australian operating rates near full capacity, other countries will struggle to fill the global spodumene supply gap in April–May. Entering Q2, Chinese salt lakes are ramping up production, but full capacity is not expected until June–August, still insufficient to cover the near-term deficit. In Jiangxi, environmental inspections and concentrated mining license renewals have constrained lepidolite output. Meanwhile, spodumene shipments from Nigeria are expected to decline due to port container shortages.

On the demand side, China’s reduced tax rebates have weighed on EV exports, though battery capacity per vehicle has increased. China’s Q1 sales of pure electric heavy-duty trucks rose 20% year-on-year, accounting for 13.9% of total heavy truck sales, with this share continuing to rise. European EV demand is improving, while sales in both China and the US have softened.

Data Sources: Bloomberg, Fastmarket, FIS

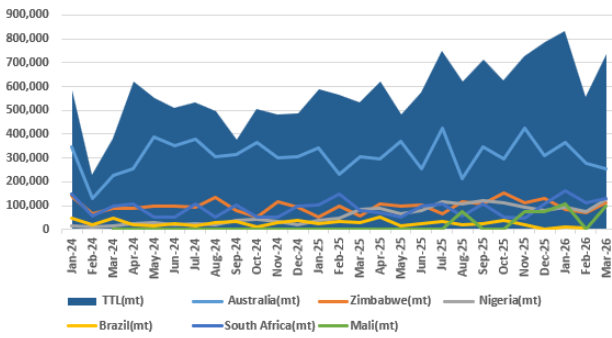


Energy storage accounted for 41% of scheduled production at China’s core battery makers in April, and energy storage demand is likely to surpass power battery demand next year. Global LFP output is expected to grow steadily month-on-month and surge year-on-year in April–May. By contrast, ternary material production is set for a slight month-on-month decline in April–May, though it will still post strong year-on-year growth.

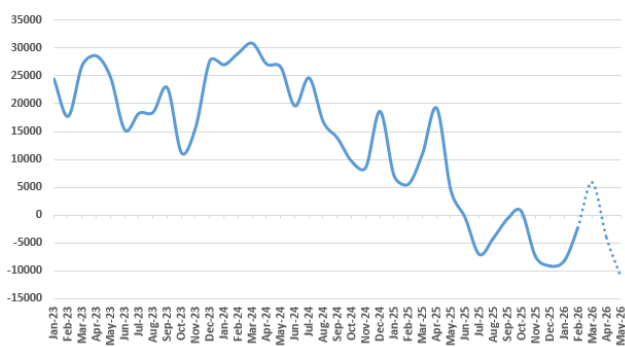
From a valuation perspective, after the core battery industrial chain stocks in the secondary market released their Q1 financial results, leading listed companies are all trading around their historical 10th percentile, indicating relatively high valuations. Looking back at the logic in January this year, constrained by IRR limits, the energy storage sector cannot sustainably accept lithium carbonate prices staying above 180,000 yuan/ton for a long time; with the gradual phasing-out of EV tax rebates, automakers will inevitably negotiate prices for both ternary materials and LFP in the long run, with LFP producers likely to concede margins while ternary materials may correct proportionally following pull-backs in nickel, cobalt, lithium and other raw materials. Investment bank reports suggest that Australian miners may raise spodumene prices accordingly if diesel prices remain high, yet if shipping lanes resume normal operation, prices of sulfur and other materials for LFP production will face sharp declines, which may correspondingly lower LFP valuations.

China spot lithium salt prices rose sharply from last week to early this week, yet the price increases have not fully transmitted to downstream users, who are only purchasing on an as-needed basis. In contrast, back in March when the market was relatively bearish, spot sellers had halted offerings at low price levels, and the current cautious buying attitude may indicate that the market is waiting for arbitrage opportunities or a fair price after short-term speculators withdraw, leading to thin trading in the spot market in early this week. On the CIF market, lithium hydroxide was mostly transacted in the range of \$18.3–\$21.5/kg, with a sudden surge in deals at \$25/kg last Friday, while lithium carbonate buying chased higher after trades were concluded at \$20.5/kg, though buyers remained cautious and did not bid aggressively, resulting in no transactions in the latter half of the week. Spodumene saw heavy trading at \$2350–2400/ton before activity stalled this week, and the overall spot market seems to be preparing for steady participation after confirming the upward trend and demand recovery in mid-April.

China Import Spodumene(mt)



China LCE Supply - Demand(tons)



In terms of basis, given the rapid moves in futures prices, the market may start to seek opportunities to buy the basis this week following the latest futures rebound. With the physical market not overheating, the basis could potentially lock in certain profits. In January, such buy-basis opportunities were scarce, as spot supply dried up in tandem with the sharp futures rally.

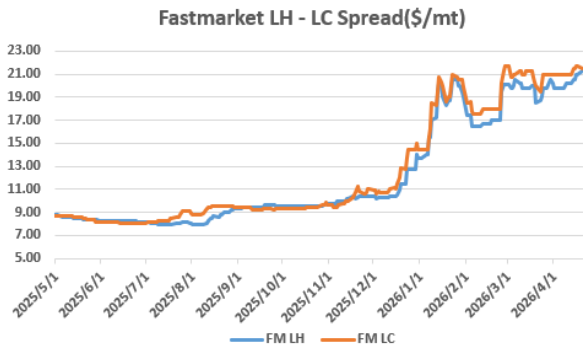
For the LH-LC spread, the recent index has traded in a range of  $-\$1.25/\text{kg}$  to  $-\$0.25/\text{kg}$ . If futures move outside this range and converge back toward the interval, it would present nearly risk-free arbitrage opportunities.

The CME lithium hydroxide rolling Q2-Q3 spread averaged at  $-\$0.42/\text{kg}$  in April so far, trading within a range of roughly  $-\$0.64/\text{kg}$  to  $-\$0.34/\text{kg}$ . Practical trading opportunities may emerge between  $-\$0.55/\text{kg}$  and  $-\$0.35/\text{kg}$ . With the current level near  $-\$0.4/\text{kg}$ , a wait-and-see approach is still recommended.

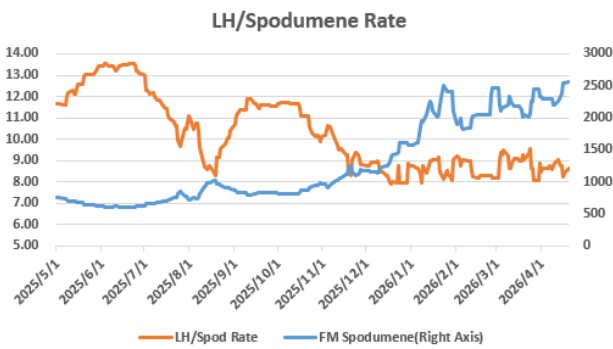
**In the Short Run, in our view, lithium salt is Neutral. In the Long Run, lithium salt is Neutral.**

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

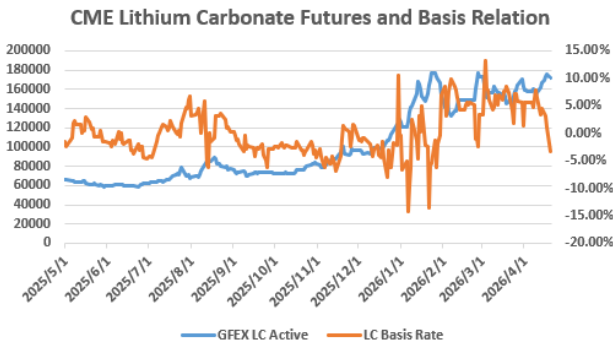
**In the Short Run, in our view, the volatility is Bearish.**



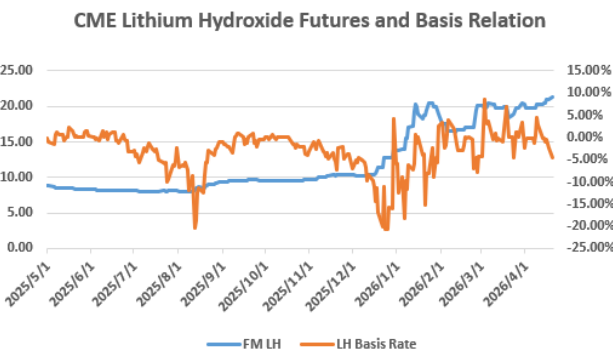
- The LH-LC spread has recovered from -\$1/kg to -\$0.25/kg, with the lithium carbonate index seeing only a modest increase.



- The lithium ore-to-salt price ratio has been range-bound and relatively stable. Tight ore supply coupled with sufficient salt supply later may lead to a renewed narrowing of the ratio.



- CME lithium carbonate basis ratio has declined rapidly; watch for potential long basis opportunities ahead.



- CME lithium hydroxide basis has also moved lower; monitor for long basis opportunities going forward.

Data Sources: Bloomberg, Fastmarket, FIS

## Market News List:

- China sold 43,900 pure electric heavy trucks in Q1 2026, up roughly 20% year on year, accounting for 13.9% of total heavy-duty truck sales.
- The DRC has extended its Q1 2026 cobalt export quota to the end of June, delaying large-scale arrivals to June–July. Global cobalt inventories are at historic lows. The DRC has established a strategic reserve of cobalt and other critical minerals, with control transferred to the regulatory agency ARECOMS (Agence de Régulation et de Contrôle du Marché des Minéraux Stratégiques). The authority is now empowered to acquire, hold, and market designated minerals, allowing the state to stockpile unused export quotas and directly intervene in global markets as part of a series of measures to support cobalt prices.
- Leading listed Chinese battery makers posted a sharp profit increase in Q1. CATL's net profit attributable to shareholders reached 20.7 billion yuan, up 48.52% year on year.
- Germany adopted the 2026 Climate Action Plan, earmarking an additional €8 billion for new energy vehicle subsidies. The UK has implemented zero tariffs on 33 categories of offshore wind components.
- India's Godawari New Energy Private Limited (GNEPL) has formally signed a five-year LFP cell supply agreement with EVE Power. The cells will primarily support Phase 1 of GNEPL's planned 20GWh Battery Energy Storage System (BESS) manufacturing project.
- South Korea's LG Energy Solution and its joint venture partner General Motors announced that their JV plant in Tennessee, USA, will be converted from EV battery production to LFP energy storage battery production, with mass production scheduled for April 2026.
- According to the General Administration of Customs: In Q1, China's exports of green products such as electric vehicles, lithium batteries, and wind turbines and their parts rose by 77.5%, 50.4%, and 45.2% year on year, respectively.
- Kodal Minerals reported that its joint-venture Bougouni Lithium Project in Mali produced 26,981 tonnes of spodumene concentrate at 5.28% Li<sub>2</sub>O in the three months ending March 31. March output alone hit a record 10,900 tonnes at 5.28% Li<sub>2</sub>O, the highest monthly production since the project launched in early 2025.

## Data Sources: Bloomberg, Fastmarket, FIS

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