



Battery Metals Weekly Report

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Lithium Salt and Spodumene Market:

- ⇒ **FastMarket Lithium Hydroxide:** Our view is short-run **Neutral**. CIF lithium hydroxide prices dipped slightly this week, while lithium carbonate posted a modest rebound, supported by tight lithium ore supply and a recovery in seasonal downstream demand. However, amid continuous production ramping of salt lake capacity and the conclusion of mid-stream raw material procurement for the second quarter, the upward trend of lithium prices is unlikely to be sustained.
- ⇒ **FastMarket Spodumene:** Our view is short-run **Neutral**. The global lithium mine market remains in a supply-shortage pattern in the short term. Suspended shipments from Zimbabwe, logistics bottlenecks at African ports and regional geopolitical tensions, coupled with tight long-distance vessel capacity and elevated freight rates, jointly keep spodumene prices at elevated levels.

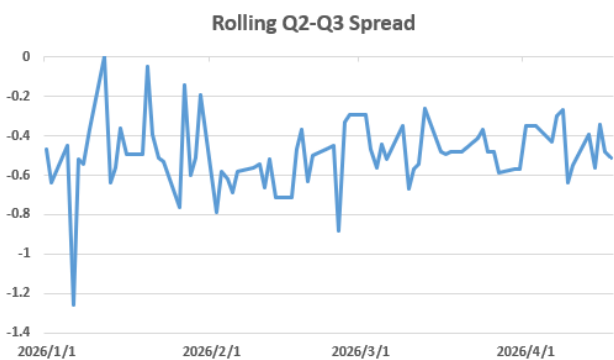
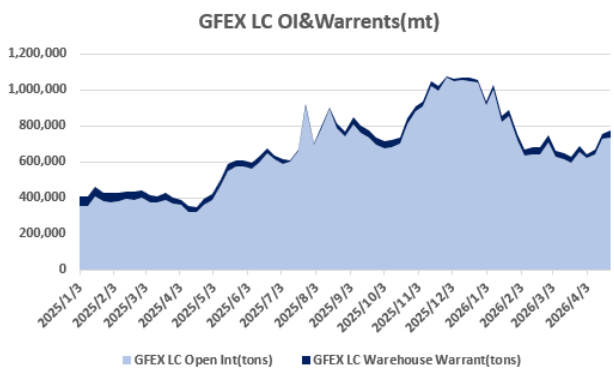
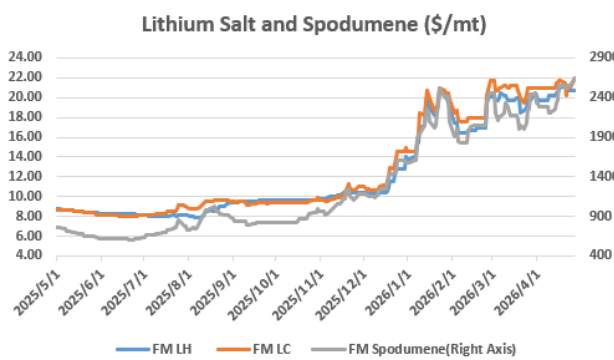
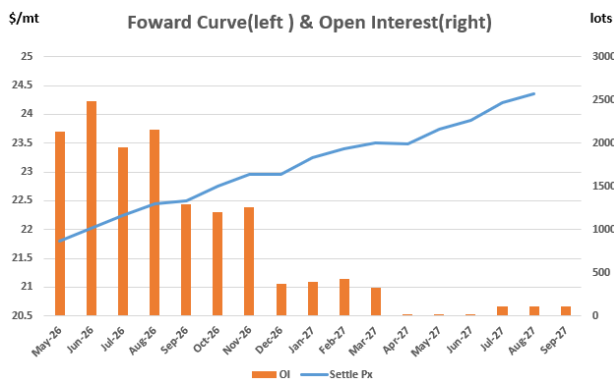
Prices Movement	27 - Apr	20 - Apr	Changes %	FIS Sentiment
FastMarket Lithium Hydroxide Monohydrate CIF China, Japan & Korea (\$/kg)	20.75	21.00	- 1.19%	Neutral
FastMarket Lithium Carbonate Spot CIF China, Japan & Korea (\$/kg)	22.00	21.50	+ 2.33%	Neutral
Bloomberg Lithium Carbonate Spot China (yuan/ton)	172500.0	167500.0	+ 2.99%	Neutral
FastMarket Cobalt 30% (\$/kg)	20.75	20.75	0.00%	Neutral
FastMarket Spodumene min 6% Asia (\$/ton)	2642.5	2550.0	+ 3.63%	Neutral

We maintain our overall neutral view on the lithium sector, as mentioned in our report last week. The recent rally in lithium salts has lasted for a period, with weakening purchasing appetite among midstream producers and easing selling pressure. On the spodumene side, gradual supply release together with rising salt lake output will help restore overall supply by the end of Q2. While short-term news may bring periodic shocks, the market also faces rising profit-taking risks.

On the supply side, the rumored resumption of production at a Jiangxi lithium mine has not happened yet. While Zimbabwe’s export quotas are gradually finalized with some exporters commencing shipments, first arrivals are not expected until May. Coupled with logistical bottlenecks, geopolitical unrest in Africa, and tight long-haul vessel capacity, spodumene supply remains constrained. Technologically, CATL announced mass production of sodium-ion batteries in Q4 2026—far ahead of market expectations—though energy density improvements and broad market penetration will take years.

On the demand side, cell manufacturers entered mid-April with ample NCM inventory and fading marginal demand; pre-China Labor Day restocking could emerge if discounts deepen. EV battery demand is choppy but supported intermittently by electric heavy trucks and Europe, with global and Chinese peak demand for both EV and ESS batteries slated for Q3. Global battery scheduling is set to hit fresh highs for 5–6 consecutive months starting April. Strong downstream demand keeps Lithium Iron Phosphate(LFP) producers at full capacity, with Q2 entering a ramp-up phase. Top battery makers’ Q2 LFP cathode negotiations center on high-compaction specs and price controls; broad cost inflation accelerates the exit of low-compaction capacity.

Data Sources: Bloomberg, Fastmarket, FIS

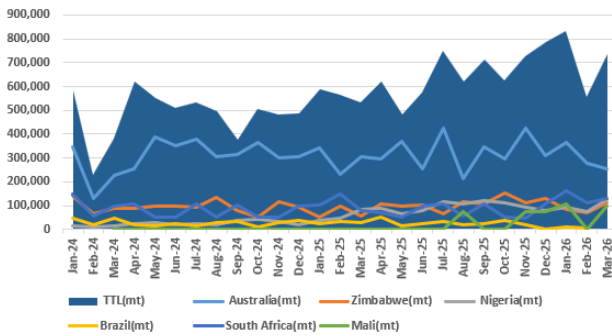


For 2026, leading LFP capacity expansions drive structural divergence—high-end products remain tight while low-end segments face oversupply and capacity elimination. Electrolyte output surges in Q2 but inventories are drawn down quickly, suggesting price stabilization ahead. Lithium Cobalt Oxide (LCO) and Lithium Manganese Oxide(LMO) markets see little price movement with balanced supply-demand. Our balance sheet points to a significant lithium deficit in Q2.

In terms of valuation and costs, processing fees for spodumene and lepidolite dropped to a four-year low in Q1, leaving midstream players under margin pressure and limiting sustained capacity expansion amid weak profitability. Following permit renewal for Jiangxi lithium mines, the theoretical production cost of lepidolite-based lithium has risen from CNY 90,000/ton to over CNY 120,000/ton. Considering the IRR requirements and scale constraints of national energy storage projects, energy storage cell prices are likely to stabilize after a sharp rally, instead of continuously tracking lithium salt prices. With lithium, cobalt and nickel remaining at elevated levels, recycled battery materials maintain a notable cost advantage over virgin feedstock. However, the economics of battery recycling are highly sensitive to lithium prices; should lithium carbonate fall below CNY 150,000/ton, the cost edge of recycled metals will largely fade, triggering a clear downward correction in the sector's profit margin.

CIF spodumene spot prices continued to rise with expanding trading volumes. Prices traded mainly at CNY 2,450–2,510/ton last week, before jumping sharply to CNY 2,635/ton from Friday to early this week. After a round of rebound in lithium carbonate, upstream selling sentiment diverged with some producers holding inventories amid price reluctance. Following moderate price corrections, unified restocking demand emerged across the market, keeping spot prices firm and preventing excessive basis convergence despite a strong futures rally on the GFEX. In the overseas market, CIF lithium carbonate transaction prices climbed steadily from \$19/kg to \$22/kg. Lithium hydroxide trended upward in tandem with stronger lithium ore and lithium carbonate prices. Upstream production remained stable, and producers intended to defend higher quotations, while downstream end-users showed strong resistance to price hikes. Major concluded deals for CIF lithium hydroxide are centered at \$18–18.5/kg.

China Import Spodumene(mt)



China LCE Supply - Demand(tons)



In terms of basis, the CME basis has fallen to around -5%, creating theoretical opportunities for long basis positions. The GFEX basis has fluctuated between -3.8% and +4.4% over the past two weeks, with recurring convergence opportunities worthy of attention.

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

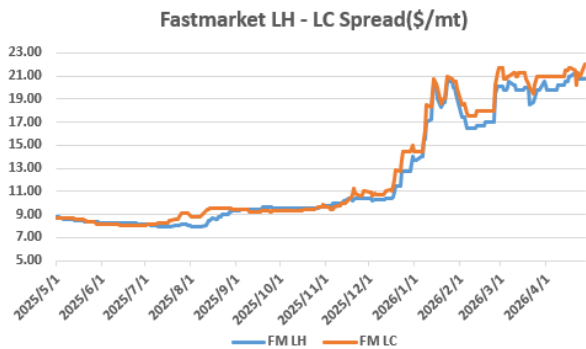
The GFEX basis has fluctuated between -3.8% and +4.4% over the past two weeks, with recurring convergence opportunities worthy of attention. Regarding spreads, the LH-LC differential has ranged from -\$1.25/kg to -\$0.25/kg throughout April, presenting range-bound trading opportunities.

The Q2-Q3 rolling spread of CME lithium hydroxide has traded between -\$0.35/kg and -\$0.55/kg this month. A potential rebound toward -\$0.25/kg may be seen, offering upside opportunities for long spread positions.

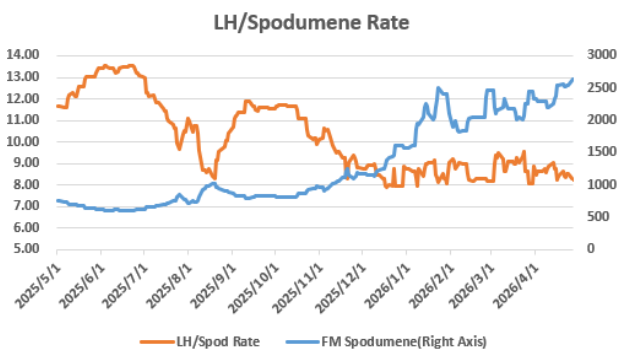
In the Short Run, in our view, lithium salt is Neutral. In the Long Run, lithium salt is Neutral.

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

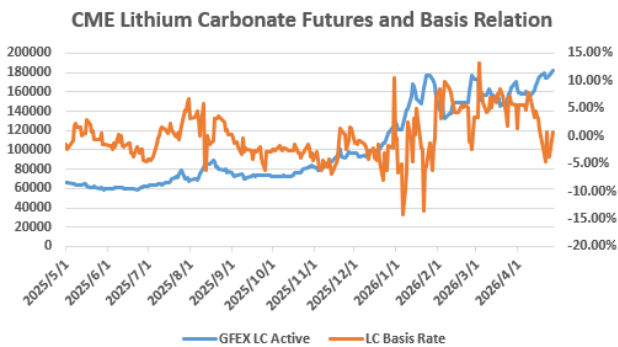
In the Short Run, in our view, the volatility is Bearish.



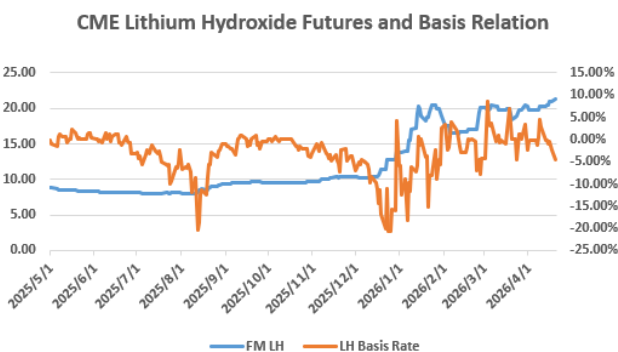
- The LH-LC spread remained range-bound between $-\$1.25/\text{kg}$ and $-\$0.25/\text{kg}$ throughout April. Range trading opportunities merit close attention in the near term.



- The salt-to-ore ratio trended lower in a range with relatively stable volatility. As lithium ore supply recovers and substitution among lithium products increases in the later period, the ratio is expected to rebound, offering opportunities for long ratio strategies.



- The basis rate of CME lithium carbonate remains at a low level, and investors may focus on long basis opportunities in the follow-up period.



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

Data Sources: Bloomberg, Fastmarket, FIS

Market News List:

- At its 2026 Super Tech Day, CATL unveiled five flagship batteries: 3rd-gen Shenxing superfast-charge, 3rd-gen Qilin, Qilin condensed-state, 2nd-gen Xiaoyao PHEV, and Naxin sodium-ion cells. Naxin Na-ion enters mass production in late 2026, covering BEV, PHEV, premium, and stationary storage with a multi-chemistry strategy.
- Huayou Cobalt: On April 28, its Zimbabwe Arcadia project shipped first lithium sulfate export—a milestone for Africa’s lithium industry. The 50ktpa plant bypasses raw-concentrate export bans, advancing local downstream integration.
- IGO (Greenbushes): Slashed FY26 spodumene guidance to 1.375–1.425Mt (prev. 1.50–1.65Mt) on lower grade, recovery, and unplanned maintenance. Cash cost raised to A\$380–420/t, tightening high-quality hard-rock supply IGO Limited.
- PLS (Pilgangoora): Q3 FY26 (Mar 31) spodumene output 232,436dmt, +86% YoY, beating consensus (215kt) on improved recoveries. Reaffirms FY26 guidance of 820–870kt.
- Vulcan Energy (Germany): Broke ground April 24 on Lionheart lithium chemicals plant (Frankfurt). Phase 1: 24ktpa LHM (for 500k EVs/year) via electrolytic conversion of LiCl to LiOH·H₂O, paired with geothermal power.
- Mali Conflict: Political unrest persists; mines operational but transport corridors (Bamako–Abidjan) face rising disruption risks, weighing on supply expectations.
- Toyota × CATL (Indonesia): Toyota invests IDR 1.3tr (75.4 million USD) for a dedicated 6.9GWh line inside CATL’s Indonesian plant, start-up end-2026, supplying local hybrids. Marks first non-China CATL supply for Toyota; procurement share to rise.
- Zijin Mining: Targets 120kt LCE in 2026, 270–320kt by 2028 across Argentina 3Q, Lagoa Cuco, Hunan Xiangyuan, and DRC Manono, positioning among world’s top lithium producers.
- US president Donald Trump administration pushes a “Critical Minerals Friendly Nations Club” (FORGE) with 50+ economies to build resilient, “de-risked” supply chains—allies face higher costs via price floors.

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