

Battery Metals Market Signals

Bull

- China's lithium carbonate market saw both production and inventories rise in April, with expanding supply broadly matching robust demand at elevated levels. Our supply-demand balance sheet indicates that a material deficit in lithium persists for Q2. Amid constrained spodumene supply, incremental output from Salt Lake operations is insufficient to close the gap, keeping the lithium market in a structurally tight balance.
- Leading battery makers kicked off Q2 long-term contract negotiations with top LFP cathode producers this week, with pricing and product specifications at the core of disagreements. Battery players only accept high-compaction LFP and limited price hikes, while most cathode producers are operating at thin margins and pushing for higher prices. Failure to secure price increases could accelerate the phase-out of low-compaction capacity ($\leq 2.55\text{g/cm}^3$), leading to structural divergence in the industry. Meanwhile, LFP capacity is entering a period of concentrated release, with new capacity ramping up from April, increasing supply pressure.
- Amid recent armed conflict in Mali, investors are concerned that ongoing unrest could delay border crossings and heighten security risks along the route, fuelling speculation over near-term spodumene supply disruptions.
- In its April 2026 quarterly report, Australian miner IGO significantly downgraded FY26 (ending June 2026) production guidance for Greenbushes, the world's largest hard-rock lithium mine. Spodumene concentrate output is now expected at 1.375-1.425 million tonnes, down from 1.5-1.65 million tonnes, a 13% cut at the upper end.

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Bear

- In Q1 2026, spodumene and lepidolite processing fees fell to a four-year low, leaving midstream lithium salt producers in a low-margin/break-even environment; sustained capacity expansion has become difficult under poor profitability.
- Battery metals have rallied across the board, further strengthening the cost advantages of recycled battery materials.
- At its 2026 Super Tech Day on April 21, CATL unveiled five cutting-edge battery products with clear mass-production roadmaps, forming a multi-chemistry technology matrix. The company mentioned that scaled production of sodium-ion batteries is expected at the end of 2026.

Others

- As of the week ending Apr 24th, the weekly trading volume of lithium carbonate on the Guangzhou Futures Exchange was 1,552,688 tonnes, down 3.85% on the week. The open interest was 739,235 tonnes, up 1.73% on the week.
- The registered warehouse warrants of lithium carbonate on the Guangzhou Futures Exchange were 34,298 tons last week, compared with 30,023 tons in the previous week.

Sources: China Passenger Car Association, Bloomberg, China Customs, Guangzhou Futures Exchange, FIS, China National Bureau of Statistics, CME, Fastmarket.

Weekly Futures Price and Open Interest Change

OI / lots	Cobalt Metal	Lithium Hydro	OI WoW %	Cobalt Metal	Lithium Hydro	Price	Cobalt Metal	Lithium Hydro	Price WoW %	Cobalt Metal \$/mt	Lithium Hydro \$/mt
Apr-26	944	1950	Apr-26	0.0%	0.0%	Apr-26	57,915	20,520	Apr-26	-0.2%	-0.3%
May-26	957	1850	May-26	0.0%	1.4%	May-26	57,607	21,800	May-26	0.8%	1.5%
Jun-26	1291	2129	Jun-26	-9.7%	-3.0%	Jun-26	57,496	22,020	Jun-26	0.8%	0.9%
Jul-26	990	2482	Jul-26	11.2%	1.2%	Jul-26	57,188	22,250	Jul-26	1.2%	1.0%
Aug-26	958	1949	Aug-26	5.9%	5.4%	Aug-26	57,386	22,450	Aug-26	1.8%	2.0%
Sep-26	917	2152	Sep-26	3.7%	6.4%	Sep-26	57,386	22,500	Sep-26	1.9%	2.4%
Oct-26	623	1290	Oct-26	0.0%	-1.1%	Oct-26	57,210	22,750	Oct-26	2.2%	0.7%
Nov-26	602	1206	Nov-26	0.0%	-1.1%	Nov-26	57,210	22,950	Nov-26	2.2%	1.5%
Dec-26	709	1263	Dec-26	0.0%	1.2%	Dec-26	57,210	22,960	Dec-26	2.2%	2.7%
Jan-27	424	372	Jan-27	1.2%	38.8%	Jan-27	57,430	23,250	Jan-27	2.7%	1.5%
Feb-27	379	397	Feb-27	1.3%	36.0%	Feb-27	57,430	23,400	Feb-27	2.6%	1.8%
Mar-27	392	429	Mar-27	0.0%	32.4%	Mar-27	57,430	23,500	Mar-27	2.5%	2.0%
Apr-27	413	20	Apr-27	0.0%	0.0%	Apr-27	57,430	23,480	Apr-27	2.5%	0.6%
May-27	413	20	May-27	0.0%	0.0%	May-27	57,430	23,750	May-27	2.4%	1.1%
Jun-27	318	20	Jun-27	0.0%	0.0%	Jun-27	57,430	23,900	Jun-27	2.3%	1.1%
Jul-27	267	115	Jul-27	0.0%	0.0%	Jul-27	57,430	24,200	Jul-27	1.4%	1.7%
Aug-27	267	115	Aug-27	0.0%	0.0%	Aug-27	57,430	24,350	Aug-27	1.4%	1.7%
Sep-27	316	115	Sep-27	0.0%	0.0%	Sep-27	57,430	24,500	Sep-27	1.4%	1.7%
Oct-27	299	115	Oct-27	2.0%	0.0%	Oct-27	57,607	24,800	Oct-27	1.6%	2.3%
Nov-27	301	115	Nov-27	2.0%	0.0%	Nov-27	57,607	24,900	Nov-27	1.5%	2.0%

Source: CME

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