



Battery Metals Weekly Report

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Lithium Salt and Spodumene Market:

- ⇒ **FastMarket Lithium Hydroxide/Lithium Carbonate:** Our view is short-run **Neutral to Bearish**. European EV inventory restocking is driving lithium hydroxide demand, while new LFP capacity startups are supporting marginal lithium carbonate consumption. However, with valuations already elevated, midstream players have priced in the upside, leaving limited appetite for further price acceptance. Meanwhile, the emergence of cash and carry arbitrage profits suggests overhang in futures pricing.
- ⇒ **FastMarket Spodumene:** Our view is short-run **Neutral to Bearish**. The prolonged rush for spodumene concentrate has left supply side dynamics persistently tight. Nevertheless, some buyers are preparing to secure supplies as lithium mines in Zimbabwe and other African regions resume export shipments.

Prices Movement	18 - May	11 - May	Changes %	FIS Sentiment
FastMarket Lithium Hydroxide Monohydrate CIF China, Japan & Korea (\$/kg)	22.50	22.75	- 1.10%	Neutral to Bearish
FastMarket Lithium Carbonate Spot CIF China, Japan & Korea (\$/kg)	24.50	24.90	- 1.61%	Neutral to Bearish
Bloomberg Lithium Carbonate Spot China (yuan/ton)	189500.0	194500.0	- 2.57%	Neutral to Bearish
FastMarket Cobalt 30% (\$/lbs)	26.03	26.13	- 0.38%	Neutral to Bearish
FastMarket Spodumene min 6% Asia (\$/ton)	2835.00	2970.00	- 4.55%	Neutral to Bearish

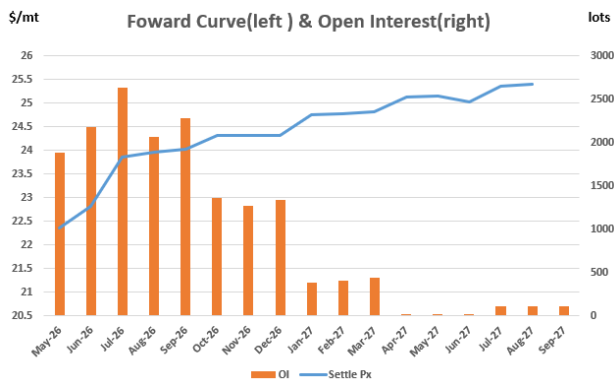
Lithium salts saw slowing upward momentum and mild pullbacks last week, while spodumene prices corrected down by 4.5% from recent peaks, marking the first turning point after the sharp rally from April to early May.

Lithium salt prices hit a fresh high since July 2025 in May. According to the recent news, new rules taking effect in June 2026 will reinstate mandatory energy storage matching requirements for industrial, commercial and residential distributed PV projects, particularly in areas with insufficient grid capacity. The policy was once abolished in 2025, and its revival is widely viewed as a solid demand driver for the energy storage sector.

Industry insights released at China International Battery Fair (CIBF) indicate the battery sector is shifting from low-price volume competition to high-quality value-oriented development. Energy storage demand is now driven by three core pillars: AI power infrastructure construction, energy transition needs and grid operation demands. Besides, the 5th-generation high-compaction LFP material with a density of 2.7g/cm³ has achieved full mass production, catering to booming demand for 800V fast-charging applications. Battery technology iteration continues to outpace market expectations, steadily fueling demand for product upgrading and replacement.

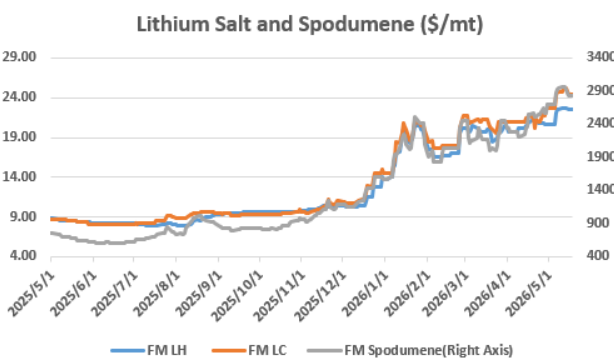
On the supply side, the sector faces prominent constraints which will remain unresolved in the next two months. Lithium exports from Zimbabwe have halted completely while shipments from Nigeria are disrupted. Domestic mines are under maintenance, and Mali’s crackdown on illegal mining further tightens raw material supply. Overall upstream supply stays tight, with spodumene, lepidolite and lithium carbonate all in low availability. Mid-stream sectors show obvious divergence: ternary materials are in balanced supply, while electrolyte and standard LFP are sufficiently supplied. By contrast, high-density LFP remains in tight supply. Downstream vehicle and power battery output is ample, yet energy storage products are in short supply, leaving huge room for global import and export trade.

Data Sources: Bloomberg, Fastmarket, FIS

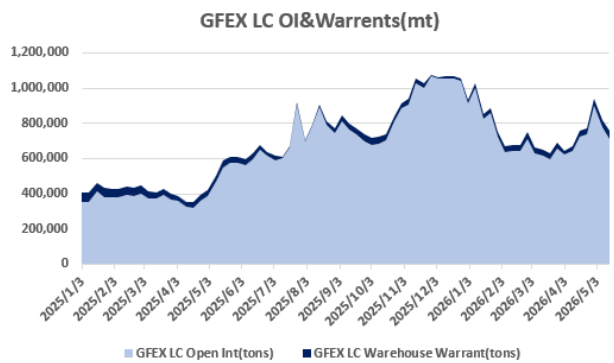


From the demand perspective, a wave of new domestic LFP capacity is scheduled to come online in Q3, and energy storage cell orders have been secured through 2027. Rapidly expanding demand for new energy vehicles in Europe is poised to bring fresh marginal demand growth a natural price floor for lithium prices.

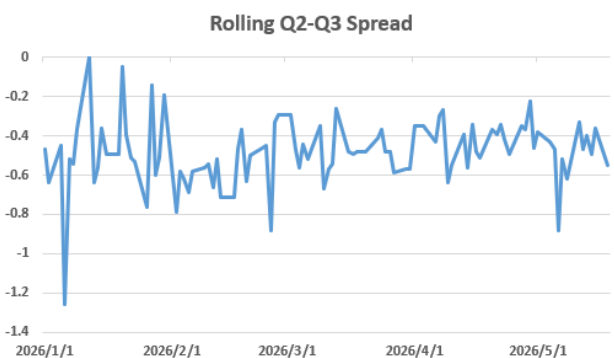
In terms of supply-demand balance sheet, the global LCE demand gap keeps widening with tightening market fundamentals, which may gradually ease in the fourth quarter. China's LCE market witnesses the same supply shortage pattern.



In terms of valuation, lithium salt and spodumene prices have surged far above fair equilibrium levels and hit absolute highs. Energy storage projects are unlikely to see successive price hikes after the latest rally, hence persistently elevated lithium salt prices will weigh on project profitability. In addition, recycled lithium materials have shown prominent cost advantages. Leading battery makers have reached pricing agreements with LFP suppliers and accepted a processing fee hike of RMB 1,500 to 2,000 per ton. Major new energy vehicle brands have initiated rounds of price increases, mainly driven by an approximately 180% surge in automotive-grade memory chip prices within three months and doubled lithium carbonate prices. Nevertheless, mid-stream material price hikes lack sustainability, differing from the upward trend of upstream raw materials. Sufficient supply of lithium hexafluorophosphate and low-density LFP will cap further price gains.

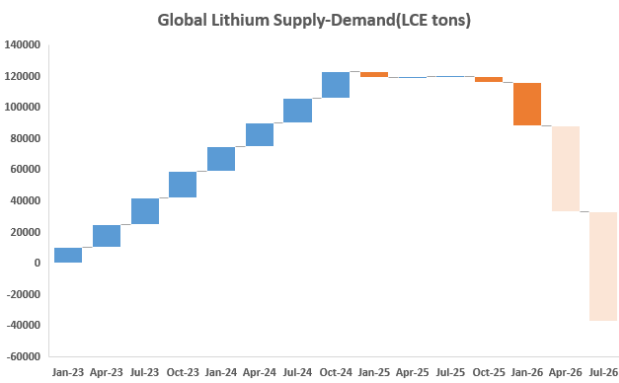
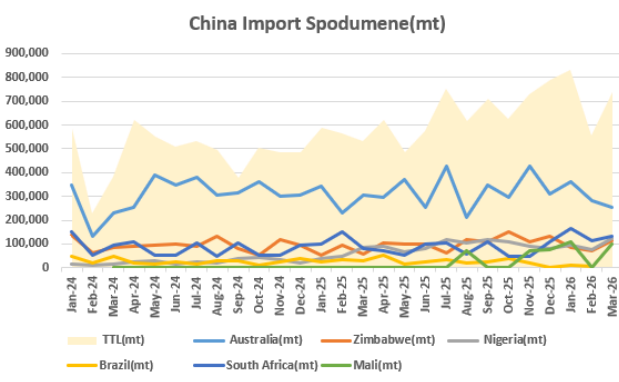
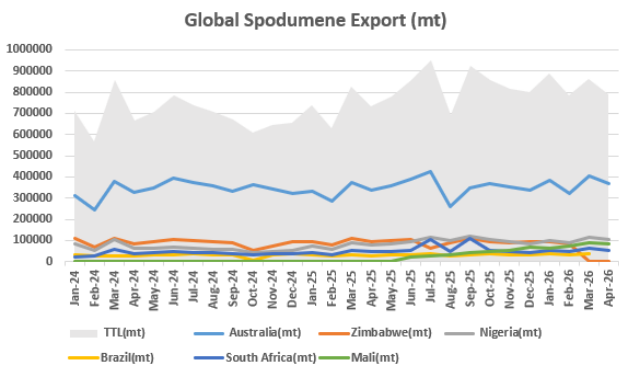


CIF lithium hydroxide halted its sharp rebound since early May and entered sideways consolidation, with the benchmark price fluctuating around \$0.25/kg. Actual trading remained active with divergent deal prices, and substantial landmark trades were concluded at \$21.9/kg. Weekly deals were executed within the range of \$21.5-\$28.25/kg. The CIF lithium carbonate benchmark retreated after hitting a fresh phase high. Its peak trade reached \$26.4/kg on thin volume, while buying support emerged at \$24/kg. Sellers were reluctant to release supplies during price dips, whereas buying sentiment faded notably once prices rebounded to \$26/kg. The spodumene benchmark peaked at \$2,970/ton and lost upward momentum. Spot trading stayed robust amid wide swings of \$2,785-\$3,030/ton throughout the week, backed by steady buying demand.



Consistent with last week's forecast, the LH-LC spread narrowed quickly to -\$2.0/kg after hitting an extreme level of -\$2.4/kg, and long spread strategies still hold sound cost-effectiveness.

Data Sources: Bloomberg, Fastmarket, FIS



In terms of basis, a prior decline in derivative prices will lead to rapid basis widening, creating opportunities for short basis trades. For GFEX lithium carbonate, a basis ratio above 8.5% signals bearish sentiment, while a level near 3.5% suggests bullish prospects. CME lithium hydroxide features higher basis volatility: above 4% suggests bearish, and those below 1.5% suggests bullish.

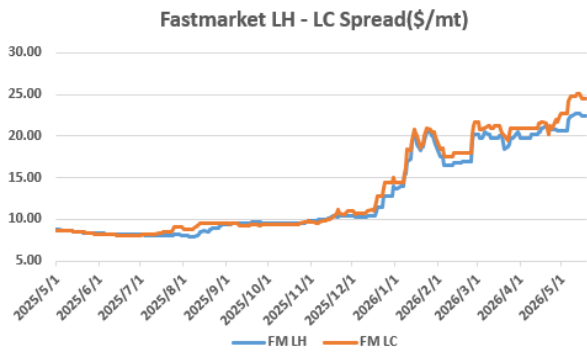
Sharp growth in registered warehouse receipts for GFEX lithium carbonate recently points to rising participation in long basis positions.

The Q2-Q3 calendar spread has moved higher, indicating a flattening market structure. Dips below -\$0.5/kg on a single-day basis offer long entry points. Given the prevailing strong market sentiment, trading to flatten the structure in line with the trend remains a prudent approach.

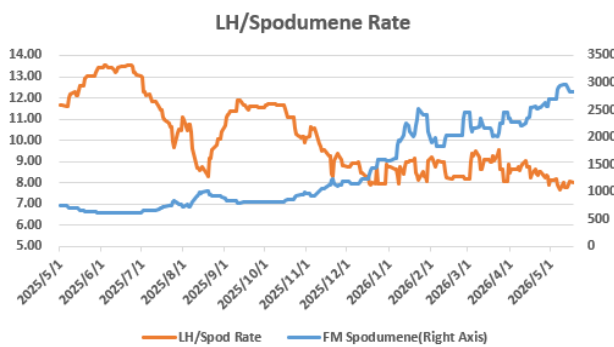
In the Short Run, in our view, lithium salt is Neutral to Bearish. In the Long Run, lithium salt is Neutral.

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

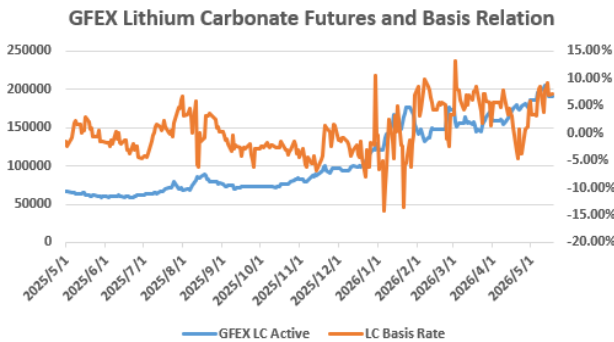
In the Short Run, in our view, the volatility is Bearish.



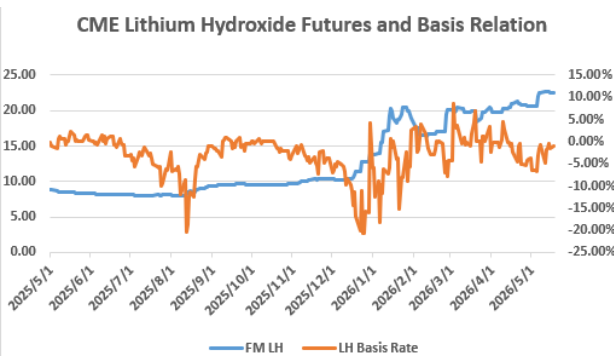
- The average LH-LC spread remained subdued in May and once dipped to \$2.40/kg, reflecting divergent demand trends between lithium hydroxide and lithium carbonate. Current levels offer favorable risk-reward for long spread.



- The salt-to-spodumene ratio keeps fluctuating at a low range. The notably depressed ratio implies overvaluation risks for spodumene, making long ratio strategies worthy of attention.



- The basis rate of GFEX lithium carbonate remains at a neutral level.



- CME lithium hydroxide basis moved to -5%, suggesting undervalue of the rate.

Market News List:

- Mineral Resources (MinRes) officially restarted the Bald Hill lithium mine in Western Australia. Site ramp-up from late May, mining/crushing in June, first spodumene concentrate in July; nameplate capacity 165,000 tpa at 5.1% Li₂O (140,000 tpa SC6 equivalent), full production in 2Q FY27.
- China's latest PV policies take effect in June 2026, scrapping the 80% grid connection limit and adopting tiered grid-based management. Commercial and industrial PV will join power market transactions with mandatory 15% 2-hour energy storage, while household PV subsidies will be phased out from 2027. Grid connection approval procedures are also streamlined greatly.
- The Nigerian government has ordered the closure of Lideal Mines operating in the Endo community. Backed by Chinese capital, the company launched lithium exploration business in Nigeria in 2023. After obtaining mining licenses, it mainly mined raw ores and started constructing flotation lines this year. Its first-phase project will build a flotation production line with an annual raw ore processing capacity of 500,000 tons.
- The city of Mejillones in Chile has officially completed the world's largest lithium export hub, which will undertake all exports of lithium carbonate and lithium sulfate in Chile and serve as the country's sole outbound shipping channel for lithium products. It can export nearly 400,000 tons of lithium resources annually, ranking first across the globe.
- Trinity Metals Group Ltd. is pressing ahead with exploration work at its lithium deposit in Rwanda. Preliminary drilling results indicate mineral resources ranging from 70 million to 100 million tons with ore grade exceeding 1%. Further drilling verification will confirm whether the project is of world-class scale.
- MMG stated that cobalt production at its Kinsevere copper-cobalt mine is economically unviable, as the cobalt export quota granted by the Democratic Republic of the Congo is far lower than expected, bringing the mine's resumption plan to a halt. The company once expected to resume production amid improved market conditions, yet subsequent export bans and strict quota policies implemented by the DRC have completely blocked the path to restart.
- Lithium Americas announced that detailed engineering work for the Thacker Pass lithium project is nearing completion. Upon completion, the project is expected to produce 40,000 tons of lithium carbonate per year, sufficient to meet the demand of around 800,000 new energy vehicles.

Data Sources: Bloomberg, Fastmarket, FIS

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