

Battery Metals Market Signals

Bull

- Battery-grade lithium carbonate prices have broken above RMB 200,000 per ton, hitting the highest level since July 2025. New regulations effective in June 2026 reinstate mandatory energy storage allocation rules for industrial, commercial and household distributed PV projects, especially in regions with insufficient power grid capacity. The same policy was scrapped back in 2025, and its revival has lifted market expectations for energy storage demand.
- Key takeaways from CIBF: The battery industry is shifting from volume-driven expansion to value-oriented development, with competition evolving from price wars to value-based rivalry. Energy storage demand is now fueled by three core drivers: AI power infrastructure construction, energy transition imperative and grid congestion, instead of merely renewable energy consumption. All-solid-state battery equipment is moving into mass production; sodium-ion batteries have achieved large-scale industrial application. The 5th-generation high-compaction LFP cathode material with density of 2.7g/cm³ has been fully mass-produced, enjoying strong demand for 800V fast-charging platforms.
- Leading battery manufacturers have finalized price negotiations with LFP material suppliers, with overall processing fees rising by RMB 1,500-2,000 per ton across various product grades.
- Over March to May, more than ten mainstream new energy vehicle makers including BYD, Xiaomi and Tesla announced vehicle price hikes, ending the years-long industry price war.
- Escalating geopolitical risks in Mali and intensified official crackdowns on illegal mining have disrupted local lithium ore exports.
- Major lithium battery producers are fully booked with orders extending into Q3, alongside growing outbound shipment volumes.
- According to data released by CAAM on May 11, 2026, China's new energy vehicle domestic sales edged up 0.1% year-on-year in Jan-Apr 2026, while export sales surged over 120% year-on-year.
- The ongoing price hikes among 15 automakers are mainly driven by an approximately 180% rally in automotive-grade memory chip prices within three months, as well as a sharp doubling in lithium carbonate prices.

Bear

- Chinese-invested mines in Zimbabwe have resumed shipments gradually since May, with cargoes estimated to arrive in late July and lift market supply.
- Sustained high lithium prices are likely to accelerate the commissioning of lithium projects in Australia and Africa.
- The LFP sector shows clear divergence; oversupply is emerging for standard products amid lingering price competition.

- Lithium hexafluorophosphate, lithium cobalt oxide, lithium manganate and electrolyte have corrected lower, ending their prolonged uptrend since April.
- Cobalt-related products remain weak. Despite tight supply, marginal demand deteriorates more rapidly. Demand for consumer batteries softens, and overall power battery demand in Q2 is weaker than that in Q1.

Others:

- As of the week ending May 17th, the weekly trading volume of lithium carbonate on the Guangzhou Futures Exchange was 2,090,062 tons, up 132% on the week due to a short previous week. The open interest was 709,363 tons, down 8.77% on the week.
- The registered warehouse warrants of lithium carbonate on the Guangzhou Futures Exchange were 43,930 tons last week, compared with 50,639 tons in previous week.

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
May-26	953	1880	May-26	0.0%	0.0%	May-26	57,827	22,360	May-26	0.0%	0.2%
Jun-26	1125	2180	Jun-26	-11.9%	0.0%	Jun-26	58,158	22,820	Jun-26	-1.4%	0.6%
Jul-26	1188	2628	Jul-26	11.5%	0.2%	Jul-26	59,106	23,850	Jul-26	-3.0%	0.9%
Aug-26	1023	2069	Aug-26	-0.1%	-0.1%	Aug-26	59,106	23,970	Aug-26	-3.0%	1.4%
Sep-26	976	2278	Sep-26	-0.9%	-0.1%	Sep-26	59,106	24,020	Sep-26	-3.0%	1.6%
Oct-26	743	1359	Oct-26	16.6%	4.9%	Oct-26	59,525	24,310	Oct-26	-2.5%	0.1%
Nov-26	722	1273	Nov-26	17.2%	5.1%	Nov-26	59,569	24,310	Nov-26	-2.5%	0.0%
Dec-26	843	1332	Dec-26	16.6%	5.0%	Dec-26	59,789	24,310	Dec-26	-2.2%	-0.1%
Jan-27	445	382	Jan-27	0.0%	0.0%	Jan-27	60,252	24,750	Jan-27	-1.9%	-0.1%
Feb-27	400	407	Feb-27	0.0%	0.0%	Feb-27	60,296	24,780	Feb-27	-2.0%	-0.1%
Mar-27	388	439	Mar-27	0.0%	0.0%	Mar-27	60,340	24,820	Mar-27	-2.1%	0.0%
Apr-27	403	20	Apr-27	0.0%	0.0%	Apr-27	60,561	25,120	Apr-27	-1.9%	-0.6%
May-27	403	20	May-27	0.0%	0.0%	May-27	60,583	25,150	May-27	-2.0%	-0.6%
Jun-27	308	20	Jun-27	0.0%	0.0%	Jun-27	60,627	25,030	Jun-27	-2.1%	-0.5%
Jul-27	270	115	Jul-27	0.0%	0.0%	Jul-27	60,848	25,350	Jul-27	-2.0%	-0.8%
Aug-27	270	115	Aug-27	0.0%	0.0%	Aug-27	60,892	25,400	Aug-27	-2.1%	-0.8%
Sep-27	316	115	Sep-27	0.0%	0.0%	Sep-27	60,914	25,450	Sep-27	-2.2%	-0.8%
Oct-27	299	115	Oct-27	0.0%	0.0%	Oct-27	61,134	26,250	Oct-27	-2.0%	0.8%
Nov-27	301	115	Nov-27	0.0%	0.0%	Nov-27	61,178	26,350	Nov-27	-2.1%	1.0%
Dec-27	247	115	Dec-27	0.0%	0.0%	Dec-27	61,222	26,450	Dec-27	-2.2%	1.1%

Source: CME

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