



Battery Metals Weekly Report

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Lithium Salt and Spodumene Market:

- ⇒ **FastMarket Lithium Hydroxide/Lithium Carbonate:** Our view is short-run **Neutral**. Pressured by elevated warehouse receipts registered in GFEX and the wrap-up of short-term procurement from downstream cathode manufacturers, lithium salt prices trended lower. Looking ahead, constrained raw material supply alongside robust downstream battery production schedules will cap any sharp downward correction for lithium salt prices.
- ⇒ **FastMarket Spodumene:** Our view is short-run **Neutral**. Sliding lithium salt prices triggered a corrective pullback in spodumene. Nevertheless, suspended mineral exports from Zimbabwe and lack of tangible progress on mine restarts in China, coupled with advanced downstream restocking, underpin the fundamental of lithium feedstock.

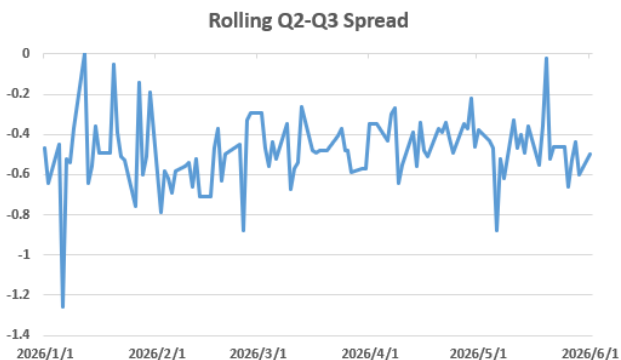
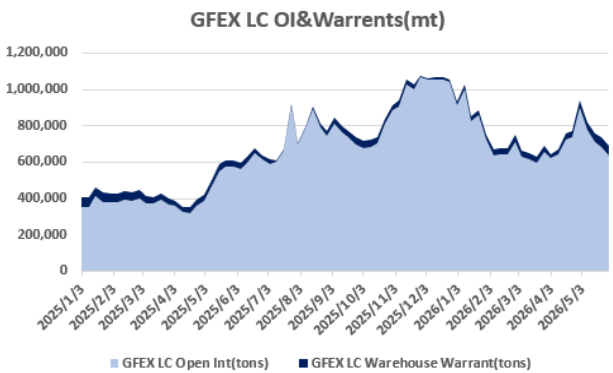
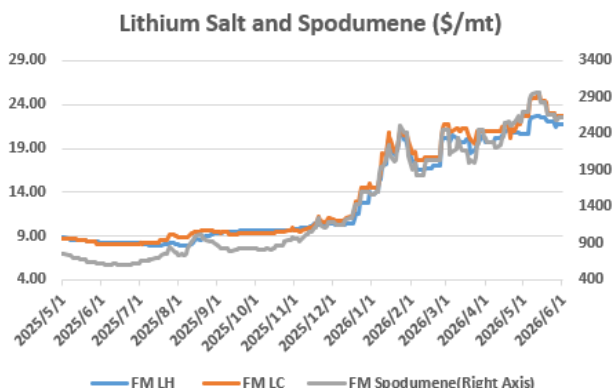
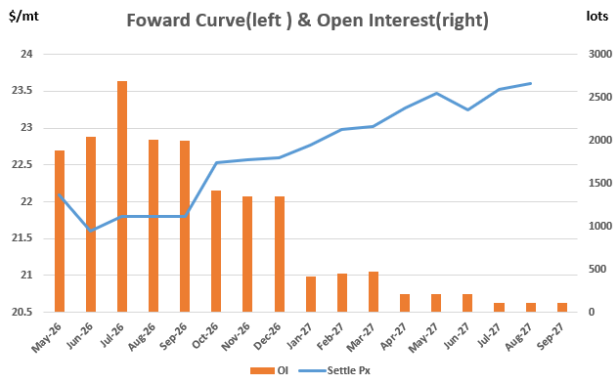
| Prices Movement | 2 - Jun | 25- May | Changes % | FIS Sentiment |
|--|-----------------|-----------------|---------------|----------------|
| FastMarket Lithium Hydroxide Monohydrate CIF China, Japan & Korea (\$/kg) | 21.75 | 22.00 | -1.14% | Neutral |
| FastMarket Lithium Carbonate Spot CIF China, Japan & Korea (\$/kg) | 22.65 | 23.00 | -1.52% | Neutral |
| Bloomberg Lithium Carbonate Spot China (yuan/ton) | 175500.0 | 178500.0 | -1.68% | Neutral |
| FastMarket Cobalt 30% (\$/lbs) | 20.75 | 20.75 | 0.00% | Neutral |
| FastMarket Spodumene min 6% Asia (\$/ton) | 2625.0 | 2675.0 | -1.87% | Neutral |

Lithium salt prices softened moderately in May, as anticipated, and we expect the market to gradually bottom out and stabilize during June. Support is coming from constrained spodumene supply and ongoing delays at lithium mining operations in Jiangxi, China. Meanwhile, rising power-battery production schedules are creating a fundamental backdrop of tight raw material supply alongside improving marginal demand.

Downstream lithium market presents a clear structural divergence across segments and regions, reshaping the overall demand landscape for lithium materials. In the hydroxide market, demand momentum is gradually shifting away from China toward European markets, as domestic consumer demand slows notably amid intensified industry competition and adjusted downstream inventory strategies. In contrast, China’s energy storage sector has emerged as a robust counter-cyclical growth driver, fueled by supportive new policies for renewable energy deployment. The mandatory matching energy storage requirements for green power projects have sparked a substantial expansion of storage installations, translating into strong incremental battery demand and providing solid and sustained support for lithium carbonate consumption.

Spodumene destocking continues in Chinese ports. Spodumene imports in April declined on the year and further import shrinkage is widely priced in for May, while China lithium salt producers operate at high utilization rates. Downstream end-demand recovers steadily, yet upstream raw materials remain in tight balance. GFEX lithium carbonate warehouse receipts edge near yearly highs on rising industrial hedging demand. Product divergence persists: spot marginal buying for lithium carbonate weakens after LFP producers finish periodic restocking and heavy long-contract shipments arrive en masse. Lithium hydroxide smelters cut inventory via active deliveries, whereas downstream ternary cathode builders accumulate raw material stocks, dragging short-term marginal demand lower post bulk restocking in line with lithium carbonate. Tight nickel sulphate supply lifts expectations for wider forward nickel discounts.

Data Sources: Bloomberg, Fastmarket, FIS



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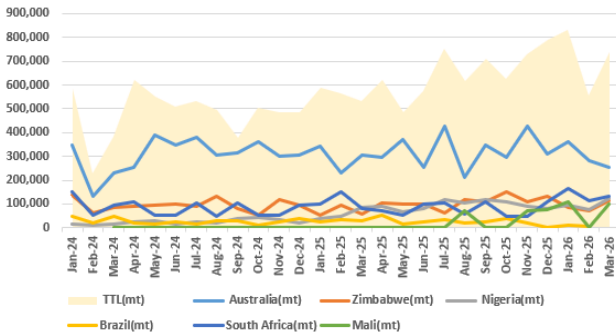
Cobalt feedstock supply stays constrained amid congested local logistics, epidemic disruptions and sluggish export quota approval in the DRC, leading to intermittent sporadic purchasing from cobalt salt refiners without consistent buying momentum.

Chinese LFP penetration rate in commercial vehicles keeps climbing. Meanwhile, energy storage clients advance inventory building ahead of end-June grid connection deadlines. Supported by robust downstream buying, LFP prices hold strong resilience despite intermittent corrections in lithium carbonate, with accelerated short-term demand expansion. Both ternary and LFP cathode producers are set to lift June production sequentially. European demand is underpinned by solid EV consumption, while Chinese cell makers pre-build inventory to hit mid-year performance targets. Nevertheless, acute shortage and sharp price surge of ferric phosphate curtail near-term capacity output at leading LFP manufacturers, who have mapped out follow-up capacity expansion plans.

Global EV sales posted divergent performance. European BEV sales rose 34.1% YoY to roughly 201,541 units in April, fueled by fuel-cost shift amid elevated oil prices and governmental subsidies, with the UK, Germany and Sweden driving major volume growth. US BEV deliveries slumped 35.9% YoY to 82,826 units due to expired federal tax credits and high interest rates dampening big-ticket consumption, whereas plug-in hybrid volumes edged up. China's NEV retail sales dipped 6.8% YoY in April, yet retail penetration hit 61.4%, marking the first time breaching the 60% threshold historically.

From a valuation perspective, we stick to views laid out in prior reports. Lepidolite is no longer the marginal lowest-cost supply amid industrial evolution, hampered by volatile output and relatively high production expenses. As summer arrives, northern hemisphere brine lithium production ramps up notably, and whether incremental brine output can offset demand growth stands as the core variable balancing market fundamentals. Full production cost of brine lithium sits below 60,000 yuan/t, leaving ample room for further operating rate improvement. Lepidolite processing cost averages around 130,000 yuan/t, while lithium recovery rate is poised to approach 90%. Recycled lithium, with an all-in cost near 160,000 yuan/t, will exert moderate cost pressure on primary lithium feedstock. GFEX futures prices are range-bound between 170,000–190,000 yuan/t, largely mirrors the cost of imported spodumene feedstock. Recent African mineral export curbs plus global strategic listing of critical minerals squeeze raw material supply amid rising downstream demand, which is set to lift overall battery raw material costs.

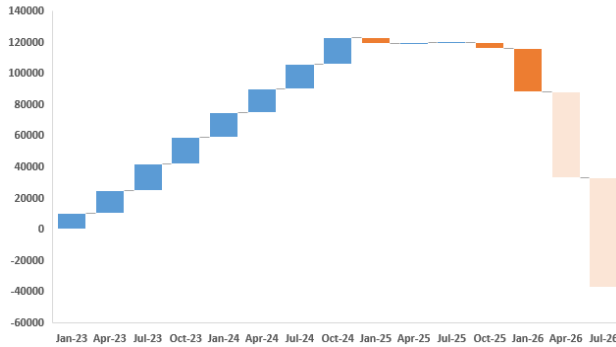
China Import Spodumene(mt)



Lithium, cobalt, nickel, copper, graphite, silver and zinc have been designated as regulated strategic commodities across various jurisdictions. Based on above cost and supply-side factors, long-run elevated lithium price is fundamentally justified from valuation metrics.

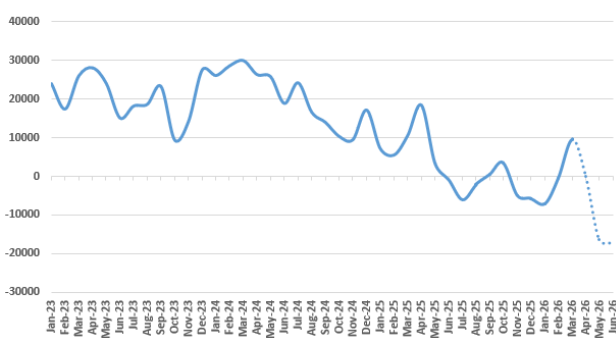
CIF lithium hydroxide saw bulk early-week deals settled at \$20.6/kg before spot quotes retreated to \$20/kg alongside shrinking trading volumes. CIF lithium carbonate traded around \$22.15/kg at the start of the week, with widening bid-ask spreads prevailing in the latter half. Weekly spodumene prices dipped from \$2,667/t to \$2,575/t before rebounding swiftly to \$2,640/t on solid buying interest, limiting material downside.

Global Lithium Supply-Demand(LCE tons)



The rolling Q2-Q3 forward spread slipped from -\$0.36/kg to -\$0.55/kg, steepening the contango curve and signaling bearish sentiment on nearby contracts, though medium-term valuation remains reasonable. Several market participants rolled nearby positions to deferred maturities for risk mitigation. On the physical side, industrial long hedges for prompt deliveries unwound post procurement, while deferred pre-order hedges emerged amid price corrections. By contrast, GFEX lithium carbonate spread narrowed from -6,000 yuan/t to -5,000 yuan/t with muted shift and falling open interest, indicating most industrial players stayed on sidelines rather than initiating deferred long hedges following prompt price declines.

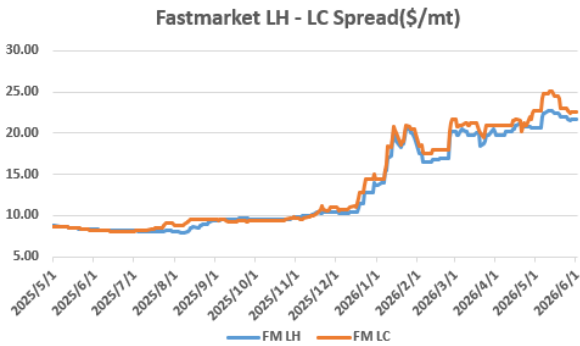
China LCE Supply - Demand(tons)



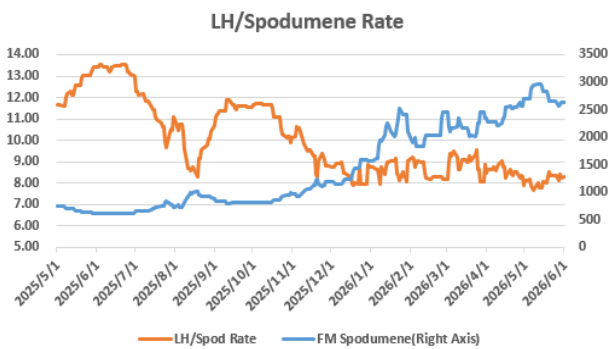
In Short Run, from our view, lithium salt is Neutral. In Long Run, lithium salt is Neutral.

In Short Run, from our view, spodumene is Neutral. In Long Run, spodumene is Neutral.

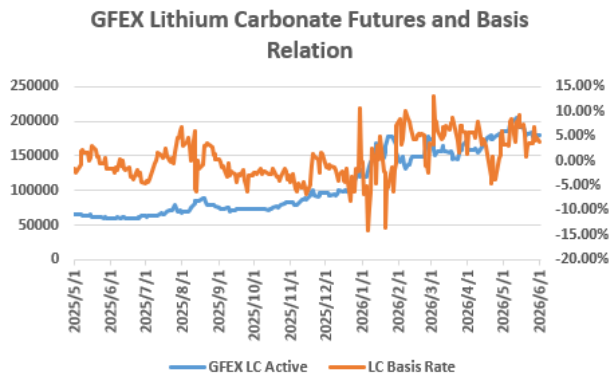
In Short Run, from our view, the volatility is Bearish.



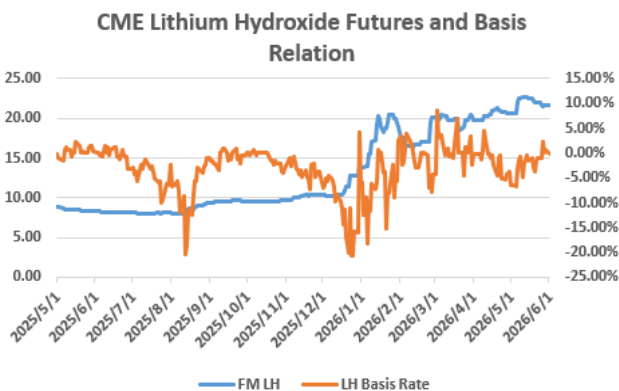
- The LH-LC spread recovered over two weeks, moving from -\$2.40/kg to a reasonable level near -\$1/kg.



- The salt-spodumene ratio rebounded after hitting an extreme low, while market acceptance for spodumene has reached a ceiling.



- Heavy short selling emerged when the GFEX lithium carbonate basis rate climbed to 7%-9%, pushing it down to 3%-4%.



- The CME lithium hydroxide basis rate remained relatively stable.

Data Sources: Bloomberg, Fastmarket, FIS

Market News List:

- BYD Energy Storage signed two agreements with Xinyuan Wansheng, including a 4GWh framework for Gansu and a 1GWh contract for Jinchang Phase I, totaling 5GWh. The project will enhance grid flexibility and renewable integration in Northwest China.
- The Western Australian regulator formally approved the Mount Holland mega lithium mine expansion, raising annual spodumene capacity from 3.8 million mt to 4.4 million mt (market clarifies: ore basis, with limited concentrate upside), while keeping hydroxide output at 50,000 MT/year and extending mine life.
- The DRC cabinet approved a new mining decree on May 30, adding lithium, tantalum, niobium, tungsten, uranium and rare earth elements to the strategic minerals list. Strategic minerals are now subject to a 10% royalty, up from 3.5% for standard metals. With cobalt, germanium and coltan already classified as strategic, the reform raises development costs for African lithium projects. Combined with tightening export controls across Africa, it reinforces supply tightness and supports lithium prices over the medium term.
- BMI, a Fitch Solutions unit, assessed that the Ebola outbreak in eastern DRC will not materially disrupt copper and cobalt operations. Major mines are located in the south and have successfully navigated previous health crises, with established protocols limiting operational risks.
- Australian miner Galan Lithium announced first lithium chloride production at its flagship Hombre Muerto West (HMW) project in Argentina, marking the transition to commercial operation. Phase 1 capacity stands at 4,000 tpa LCE, with an expansion to 5,200 tpa LCE targeted for H1 2027; Phase 2 is planned at 21,000 tpa LCE. As one of the few new brine projects launching in 2026, HMW will add incremental supply and partially offset African policy-driven supply risks.
- China MIIT tightens regulation on battery recycling, accelerating industry standardization.
- SQM CEO Ricardo Ramos announced that Novandino, a joint venture with Chile's state-owned Codelco, will invest \$3 billion in the Salar Futuro lithium project in the Atacama Desert. The project expected to start construction by late 2020s, and reach full production by mid-2030s, targeting 280,000–300,000 tpa LCE.
- On May 26, US, Japan, Australia, India officially launched the Quad Critical Minerals Initiative Framework at the New Delhi Foreign Ministers' Meeting, planning to mobilize \$20 billion in public and private capital to develop the entire critical minerals supply chain (mining, processing, recycling)US Department of State

Data Sources: Bloomberg, Fastmarket, FIS

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