

Lithium Salt and Spodumene Market:

- **FastMarket Lithium Hydroxide/Lithium Carbonate:** Our view is short-run **Neutral**. The forward curve of lithium hydroxide futures has flipped from contango to mild backwardation, with the term structure bottoming out ahead of spot prices. News of mine restarts in Jiangxi triggered a sharp slump across futures boards. With bearish fundamentals fully priced in, the market may stabilize in the subsequent period.
- **FastMarket Spodumene:** Our view is short-run **Neutral**. Spodumene faces competition from salt-lake lithium extraction and upcoming lepidolite lithium production, alongside supply shocks from rising global lithium salt export volumes. Nevertheless, Australian miners may slow spodumene export between July and August following the close of their fiscal year. Spot market purchasing volumes at prices below long-term offtake contract levels have expanded markedly.

Prices Movement:

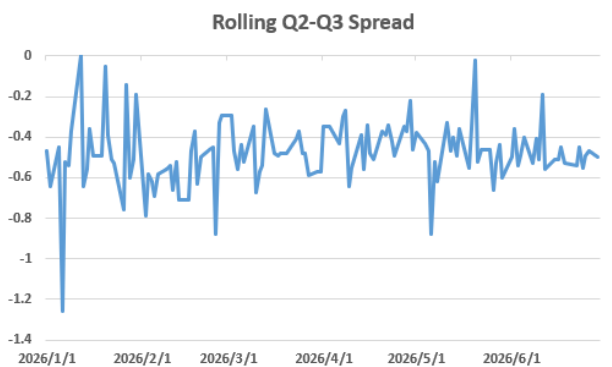
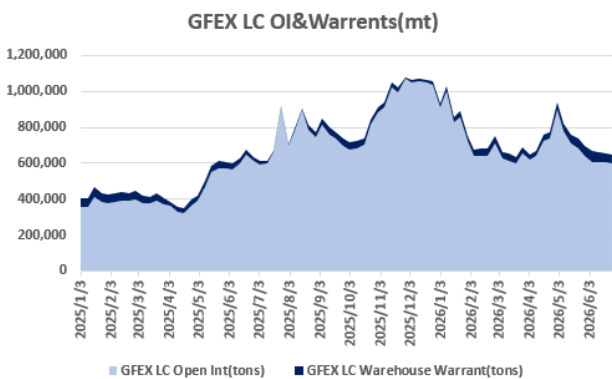
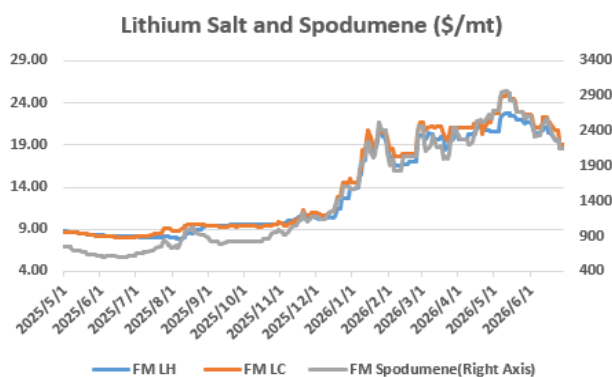
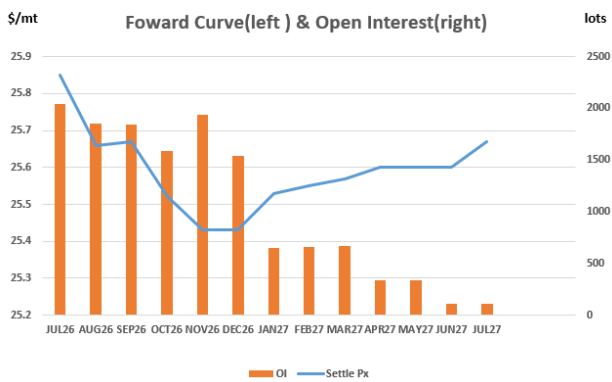
	29 Jun	22 Jun	Changes %	FIS Sentiment
FastMarket Lithium Hydroxide Monohydrate CIF China, Japan & Korea (\$/kg)	18.75	19.75	-5.06%	Neutral
FastMarket Lithium Carbonate Spot CIF China, Japan & Korea (\$/kg)	19.00	20.75	-8.43%	Neutral
Bloomberg Lithium Carbonate Spot China (yuan/ton)	150760.0	161500.0	-6.65%	Neutral
FastMarket Cobalt 30% (\$/lbs)	25.13	25.18	-0.20%	Neutral
FastMarket Spodumene min 6% Asia (\$/ton)	2150.00	2270.00	-5.29%	Neutral

Commentary:

On the macro front, non-ferrous metals slumped broadly amid a strong US dollar and mounting interest rate hike expectations. Over the past week, open interest of GFEX lithium carbonate was largely flat. After stripping out holiday distortions, trading volumes have stayed steady for three consecutive weeks. Open interest for CME lithium hydroxide rebounded modestly by 2.5%, while trading turnover shrank by 18%.

GFEX lithium carbonate faces mandatory mass warehouse receipt cancellation in July, sparking market worries over a potential surge in social inventories. Once July passes and the warehouse receipt overhang fades, some receipts will be re-registered into warehouses, which is likely to erase such inventory concerns. Currently, the GFEX lithium carbonate futures curve remains in contango, whereas the CME lithium hydroxide curve shifted from deep contango to shallow backwardation over the past week.

Market expectations of supply-side resumption heated up rapidly following news that the Jianxiawo lithium mine secured safety operation permits. Separately, Zimbabwean lithium ore shipments will arrive in China in July, while Australian spodumene deliveries may hit an all-time high in June amid fiscal year-end shipment push. In May 2026, China's lithium carbonate imports totalled 37,555 tons, surging 78% year-on-year and 15% month-on-month. Lithium concentrate imports reached 549,700 tons, rising 6% YoY and 8% MoM. Sentiment stayed bearish in the near term, weighing down lithium carbonate prices. On the supply front, incremental output in H2 will still be dominated by spodumene resources, with a moderately faster release pace versus H1; current price volatility is mostly driven by forward supply expectations. Demand retains solid resilience, with cathode material order books staying full. June–August marks the traditional off-season for new energy vehicle (NEV) consumption. NEV retail sales totalled 583,000 units during June 1–21, down 10% year-on-year; cumulative retail volume for the year stood at 4.281 million units, a 14% YoY decline. Nevertheless, major OEMs maintained month-on-month production schedule growth. Bright demand and export prospects for the September–October peak season will effectively underpin mid-term price centers. Based on our supply-demand balance sheet model, factoring in resumption at Jiangxi mines and higher global ore shipments, the lithium market (calculated in LCE, lithium carbonate equivalent) will shift from tightness during March–May to balanced supply-demand in July–August.

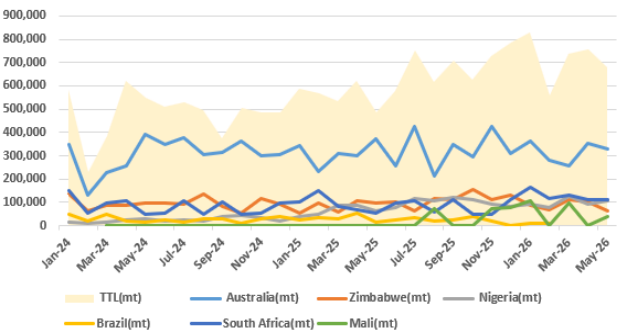


The Q4 market is likely to remain in tight balance rather than trending into structural surplus. From a fundamental balance perspective, lithium salt prices are set to trade within a lower range in H2 compared with H1, instead of a sustained downtrend; a steep plunge from current levels is unlikely. Downstream buyers are waiting for restocking windows, and any sharp correction in lithium salt prices may trigger large-scale spot purchasing. Long-term supportive policy has landed: the National Development and Reform Commission (NDRC) officially issued the 15th Five-Year Plan for the Development of a New Energy System, targeting 300GW of new energy storage installed capacity by 2030, over 2.2 times the end-14th Five-Year scale, representing over 120% capacity growth in the next five years. The new target is lifted by 25% compared with prior draft policy documents.

ARECOMS of the Congo (DRC) announced it will revoke unused cobalt export quotas allocated for H1 and reassign them to state-controlled entities, marginally tightening global cobalt raw material supply. ARECOMS specified all quotas assigned for January–June that remain unused by June 30 will be confiscated and automatically transferred to its strategic quota pool. On the demand side, global consumer electronics consumption stays weak, power battery production shifts toward high-nickel low-cobalt chemistries this year, and LFP continues to substitute cobalt-bearing cathodes. Fundamentals fail to support aggressive restocking of cobalt salt by downstream buyers, limiting both the magnitude and duration of price rebounds. Recent market volatility has validated the efficacy of our defined trading range. Following price rallies, fresh supply from mine restarts and overseas ore shipments pushed imported spodumene costs to around 155,000 yuan/ton. Operating costs for lepidolite lithium facilities in Jiangxi and spent power battery recycling lines stand near 100,000 yuan/ton, while brine extraction costs stay below 50,000 yuan/ton. Weighting all mainstream lithium carbonate production routes, we calculate the blended comprehensive production cost at roughly 121,850 yuan/ton. High-cost low-grade lithium ore operations face severe price-cost inversion and elimination risks.

Last week, both the CIF indices for lithium salt and spodumene edged lower, broadly aligning with our neutral baseline forecast. The LH-LC spread fell to -\$0.25/kg, marking an entry window for bearish spread trades. Lithium hydroxide saw limited spot deals transacted at \$16.5–18.5/kg, with market participants hunting bargain-buy opportunities.

China Import Spodumene(mt)



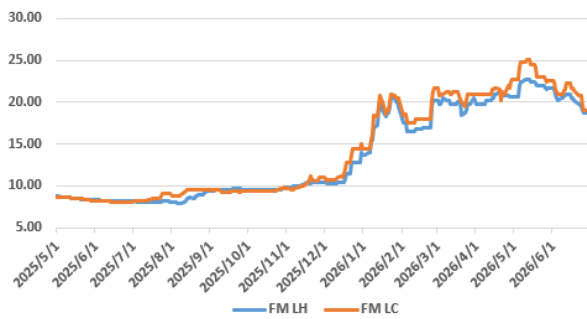
China LCE Supply - Demand(tons)



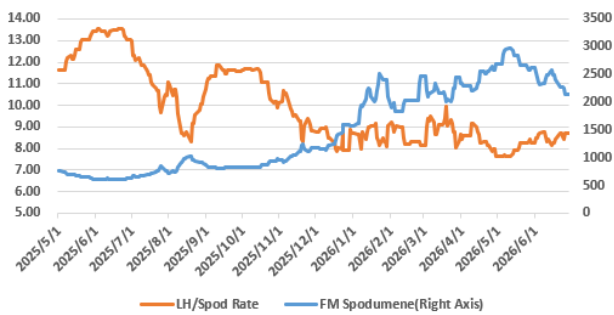
The lithium carbonate spot market mirrors this trend: after spot prices declined, buyers benchmark long-term contract prices to plan restocking. Spodumene buying interest picked up; despite the index falling \$110/ton week-on-week to \$2,150/ton, buying support emerged once spot transaction prices slipped below \$2,200/ton. Rolling quarterly spreads traded within a tight band of -\$0.45/kg to -\$0.55/kg with muted volatility, offering few actionable trading opportunities. The strategy we flagged last week to short GFEX basis when basis widens above 6% hit profit-taking levels at a 2–2.5% basis this week. Conversely, entering long basis positions at this level targets exit points when basis expands back to 5.5–6%. The Monday settlement basis for CME lithium hydroxide printed at 1.49%, an elevated level; the recommended trade bias is bearish basis, waiting for convergence toward zero or negative territory.

- 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 **Neutral**.

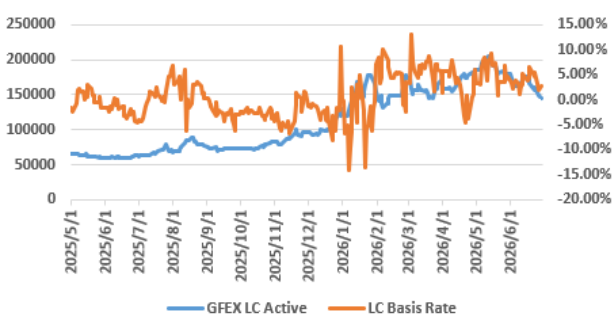
Fastmarket LH - LC Spread(\$/mt)



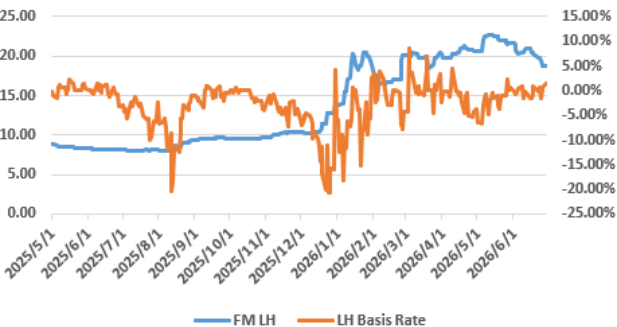
LH/Spodumene Rate



GFEX Lithium Carbonate Futures and Basis Relation



CME Lithium Hydroxide Futures and Basis Relation



- The LH-LC spread has recently reached - \$0.25/kg, offering bearish spread trading opportunities.

- Salt lake lithium products are poised for a rebound as previously anticipated.

- The GFEX lithium carbonate basis ratio fluctuates between 3% and 6%, creating repetitive basis trading windows for both long and short basis positions.

- The CME lithium hydroxide basis ratio has reached levels favoring bearish basis strategies.

Market News List:

- The National Development and Reform Commission (NDRC) and National Energy Administration clarified the target of 300GW installed capacity for new energy storage by 2030, representing a growth of over 120% versus the end of the 14th Five-Year Plan. The plan will boost integration of AI & energy as well as Vehicle-to-Grid (V2G) interaction, further expanding application scenarios for lithium batteries and strengthening medium-to-long term demand fundamentals.
- ARECOMS, the regulatory authority for strategic mineral resources of the Democratic Republic of the Congo, announced it will revoke unused H1 cobalt export quotas and reallocate them to state-controlled entities, tightening export oversight from the world's top cobalt producer. All quotas assigned for January–June that remain unused by June 30 will be confiscated and automatically transferred to its strategic quota pool.
- Beijing CATL's 15GWh battery production base passed acceptance inspection. Xiamen Tungsten New Energy plans to build a 10,000 tpa cathode material project in Malaysia, accelerating overseas capacity deployment.
- Four major lithium anode projects in Shandong are advancing in tandem, with total investment exceeding CNY 2.2 billion and combined planned capacity of 250,000–300,000 tonnes per annum, highlighting prominent regional industrial clustering effects.
- Phase I of Shanxi Youanshi's 50,000 tpa high-compaction lithium iron phosphate (LFP) project broke ground, with an investment of CNY 250 million. It is expected to deliver effective supply within the current year.
- Quanzhou Jintong Xuneng's 30,000 tpa lithium carbonate project obtained EIA approval, with total investment of CNY 1.5 billion and construction scheduled to complete in 2026. Zangge Mining's technical revamp to add 2,000 tpa lithium carbonate capacity secured filing approval.
- Jindalee Lithium intends to spin off its US McDermitt lithium assets into a standalone Nasdaq-listed firm US Elemental, and signed a Memorandum of Understanding (MoU) with NGOs to advance resource management zone construction. Its ESG-first development strategy merits close attention.
- Rio Tinto plans to lift annual lithium output to 200,000 tonnes by 2028 (target: 61,000 tonnes for 2026). Lithium business growth will outpace its traditional copper and iron ore divisions, signaling long-term bullishness on lithium battery demand.
- Beyond its initial phase, Thacker Pass's second stage is set to add 40,000 tonnes of lithium capacity over the next decade, unlocking sustained North American lithium supply potential.
- Official benchmark prices under Indonesia's HMA scheme: nickel at USD 18,642/tonne, cobalt USD 55,852/tonne, copper USD 13,648/tonne, aluminum USD 3,729/tonne. Prices posted mild sequential fluctuations, delivering moderate cost pass-through pressure for downstream manufacturers.
- India plans to launch a USD 317 million subsidy program to support construction of lithium processing capacity ($\geq 30,000$ tpa) and nickel processing capacity ($\geq 50,000$ tpa), aiming to enhance domestic supply chain security for battery metals.
- NatPower inked a multi-year Battery Energy Storage System (BESS) supply framework with Tesla. The initial phase covers five projects across Italy and the UK with a volume exceeding 25GWh, and the long-term target tops 100GWh with total investment ranging from USD 4–5 billion, substantially lifting demand for energy storage lithium-ion cells.

Source: Bloomberg, Fastmarket, FIS

Written by **Hao Pei**,
FIS Senior Research Analyst
haop@freightinvestor.com