

## Battery Metals Market Signals

### Bull

- The Cabinet of the Democratic Republic of the Congo has officially adopted a new mining decree, adding six minerals including lithium, tantalum, niobium, tungsten, uranium and rare earths to the national list of strategic minerals. In accordance with the country's mining code, the royalty rate for strategic minerals is set at a uniform 10%, nearly double the benchmark rate of 3.5% applicable to ordinary non-ferrous metals.
- In the medium term, spodumene supply stays tight. The recovery of lithium mica mines in China is slow, alongside disrupted exports from Zimbabwe.
- Affected by news regarding the resumption of production at Jiangxi mines, the average transaction price of lithium salt spot softened. Meanwhile, lithium ore inventories at China's ports kept declining, with import volumes falling in April and expected to drop further in May. Lithium salt plants maintained high operating rates. Downstream demand continued to strengthen, yet the overall market remained in tight supply.
- Supply of cobalt remains constrained by tight local logistics, pandemic disruptions and slow quota approval in the Democratic Republic of the Congo. Meanwhile, cobalt salt smelters adopt demand-based purchasing, with no sustained buying momentum.
- Tight supply of nickel sulfate has driven market expectations for higher forward discounts of ternary precursors recently.
- Output of ternary materials is expected to rise month-on-month in June, underpinned by robust demand from European automotive sector and increased inventory building by domestic cell manufacturers.
- The penetration rate of LFP batteries in China's commercial vehicles has been rising steadily. Ahead of grid connection for energy storage projects by late June, related players have ramped up pre-stocking. Despite a temporary dip in lithium carbonate prices, LFP prices held firm with short-term demand picking up notably.
- Li Limin, Senior Vice President, CFO and Board Secretary of Wanhua Chemical, disclosed at the earnings call that the company will add 820,000 mt/yr of new LFP capacity in 2026, which will make it China's second-largest LFP supplier.

### Bear

- Short-term inventory restocking by LFP producers has concluded, coupled with increased supply from long-term contracts, leading to weaker marginal demand for lithium carbonate.
- Lithium hydroxide producers saw higher shipments and lower inventories, while downstream ternary material enterprises accumulated stocks. Similar to lithium carbonate, marginal demand is set to weaken in the short term following a round of downstream restocking.

- GFEX warehouse receipts remain near the year-to-date high, pointing to rising hedging activities.
- Western Australian regulators have formally approved the expansion of the giant Mount Holland lithium project, lifting annual spodumene concentrate capacity from 380,000 mt to 4.4 million mt.
- Australian miner Mineral Resources (MinRes) and its JV partner Ganfeng Lithium have formally approved the construction of a flotation plant and underground mining development at the Mt Marion lithium project. The expansion will lift annual SC6 spodumene concentrate capacity from ~500,000 mt to 600,000 mt.

**Others:**

- As of the week ending May 29th, the weekly trading volume of lithium carbonate on the Guangzhou Futures Exchange was 1,387,063 tons, down 26.69% on the week due to a short previous week. The open interest was 638,764 tons, down 6.57% on the week.
- The registered warehouse warrants of lithium carbonate on the Guangzhou Futures Exchange were 54,195 tons last week, compared with 53,047 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	57,849	22,090	May-26	0.0%	-0.3%
Jun-26	974	2044	Jun-26	-13.4%	-2.3%	Jun-26	58,268	21,600	Jun-26	-0.6%	-2.7%
Jul-26	1231	2687	Jul-26	0.0%	-1.3%	Jul-26	59,084	21,800	Jul-26	-1.7%	-2.0%
Aug-26	1365	2005	Aug-26	16.1%	-1.4%	Aug-26	59,128	21,800	Aug-26	-1.8%	-2.0%
Sep-26	1073	2002	Sep-26	0.0%	-3.8%	Sep-26	59,128	21,800	Sep-26	-1.7%	-3.6%
Oct-26	783	1421	Oct-26	0.0%	3.1%	Oct-26	59,194	22,530	Oct-26	-1.4%	-2.7%
Nov-26	762	1345	Nov-26	0.0%	0.9%	Nov-26	59,238	22,570	Nov-26	-1.3%	-2.5%
Dec-26	883	1348	Dec-26	0.0%	0.9%	Dec-26	59,459	22,600	Dec-26	-1.3%	-2.4%
Jan-27	452	422	Jan-27	0.0%	3.7%	Jan-27	60,010	22,770	Jan-27	-1.2%	-1.4%
Feb-27	407	447	Feb-27	0.0%	3.5%	Feb-27	60,076	22,980	Feb-27	-1.2%	-0.5%
Mar-27	388	479	Mar-27	0.0%	3.2%	Mar-27	60,120	23,020	Mar-27	-1.1%	-0.3%
Apr-27	403	208	Apr-27	0.0%	940.0%	Apr-27	60,583	23,270	Apr-27	-0.6%	-2.4%
May-27	403	210	May-27	0.0%	950.0%	May-27	60,627	23,470	May-27	-0.6%	-1.8%
Jun-27	308	210	Jun-27	0.0%	950.0%	Jun-27	60,671	23,250	Jun-27	-0.6%	-2.8%
Jul-27	270	115	Jul-27	0.0%	0.0%	Jul-27	60,958	23,530	Jul-27	-0.5%	-2.5%
Aug-27	270	115	Aug-27	0.0%	0.0%	Aug-27	61,002	23,600	Aug-27	-0.5%	-2.5%
Sep-27	316	115	Sep-27	0.0%	0.0%	Sep-27	61,024	23,650	Sep-27	-0.5%	-2.6%
Oct-27	299	115	Oct-27	0.0%	0.0%	Oct-27	61,244	24,150	Oct-27	-0.5%	-5.5%

Source: CME

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