

Battery Metals Market Signals

Bull

- The Jianxiawo mine is not expected to resume inventory build-up until mid-to-late July at the earliest. Any further delay to production restart will curtail marginal supply, and market expectations for its resumption keep getting pushed back.
- In Q1 2026, total new energy vehicle sales across the EU, the UK and EFTA reached 2.43 million units, up 18% year-on-year. Among them, battery electric vehicle (BEV) sales climbed 26% to 724,000 units. Multiple European countries have reinstated vehicle purchase subsidies. Citi projects that European new energy vehicle sales will maintain a growth rate of over 30% in 2026. Escalating US-Iran tensions have kept crude oil prices elevated, which directly boosts overseas EV demand and elevates the strategic importance of the new energy sector.
- Citi reiterated a bullish stance on lithium prices, forecasting a target of RMB 250,000 per tonne. The bank noted that lithium and battery materials have been bottoming out since the second half of 2025 amid improving demand sentiment, and lithium prices may test the RMB 250,000/tonne level in August and September. It also raised the H-share target price of Ganfeng Lithium to HKD 78.12 and that of Tianqi Lithium to HKD 68. CITIC Securities holds the view that the supply-demand balance of the lithium battery sector will improve in the second half of the year, with high-end products commanding solid technical premiums.
- Lithium battery enterprises and financial institutions estimate that overall domestic lithium battery production schedules will rise by 7% to 7.5% month-on-month in June. From January to April, the average battery capacity of pure electric vehicles and plug-in hybrid electric vehicles stood at 64.7kWh and 37.3kWh respectively, representing a year-on-year increase of 21% and 40.1%.

Bear

- SQM has revised up its sales volume target for 2026. Carbonate shipments from Chile and Argentina remain robust, while rising arrivals of Zimbabwean lithium ore from July onwards will add pressure to long-term supply.
- Long positions in GFEX lithium carbonate futures saw significant liquidation over the past two weeks, reflecting active outflows of bullish capital.
- Battery material producers continue to build inventories amid steady arrivals of contracted, consigned and spot goods, leading to subdued near-term purchasing appetite.

- Data from the China Passenger Car Association shows that retail sales of new energy vehicles in China hit 619,000 units during May 1-24, down 11% year-on-year with no visible improvement in sales pressure. Domestic retail volume of new energy vehicles dropped roughly 20% year-on-year in the first four months of the year.
- Cobalt salt prices remained under pressure, trapped in a negative feedback loop driven by weak demand and price-cutting shipments. Downstream material producers prioritized inventory destocking and only made occasional purchases to meet immediate requirements, resulting in thin trading activity.
- Arrivals of previously backlogged cobalt intermediates have surged, leading to a short-term inventory build-up of raw materials and weighing on cobalt prices.

Others

- As of the week ending Jun 5th, the weekly trading volume of lithium carbonate on the Guangzhou Futures Exchange was 363,291 tonnes, up 4.38% on the week due to a short previous week. The open interest was 609,583 tonnes, down 0.77% on the week.
- The registered warehouse warrants of lithium carbonate on the Guangzhou Futures Exchange were 55,687 tonnes last week, compared with 54,195 tonnes in the 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
Jun-26	974	2044	Jun-26	0.0%	0.0%	Jun-26	57,937	20,420	Jun-26	-0.6%	-5.5%
Jul-26	1202	2636	Jul-26	-2.4%	-1.9%	Jul-26	56,901	20,200	Jul-26	-3.7%	-7.3%
Aug-26	1374	1946	Aug-26	0.7%	-2.9%	Aug-26	56,901	20,740	Aug-26	-3.8%	-4.9%
Sep-26	1070	1948	Sep-26	-0.3%	-2.7%	Sep-26	56,901	20,740	Sep-26	-3.8%	-4.9%
Oct-26	809	1440	Oct-26	3.3%	1.3%	Oct-26	56,989	21,320	Oct-26	-3.7%	-5.4%
Nov-26	788	1367	Nov-26	3.4%	1.6%	Nov-26	56,989	21,280	Nov-26	-3.8%	-5.7%
Dec-26	914	1361	Dec-26	3.5%	1.0%	Dec-26	56,989	21,320	Dec-26	-4.2%	-5.7%
Jan-27	470	562	Jan-27	4.0%	33.2%	Jan-27	57,210	21,580	Jan-27	-4.7%	-5.2%
Feb-27	425	587	Feb-27	4.4%	31.3%	Feb-27	57,210	21,630	Feb-27	-4.8%	-5.9%
Mar-27	406	594	Mar-27	4.6%	24.0%	Mar-27	57,210	21,680	Mar-27	-4.8%	-5.8%
Apr-27	403	231	Apr-27	0.0%	11.1%	Apr-27	58,533	22,000	Apr-27	-3.4%	-5.5%
May-27	403	230	May-27	0.0%	9.5%	May-27	58,599	22,100	May-27	-3.3%	-5.8%
Jun-27	308	230	Jun-27	0.0%	9.5%	Jun-27	58,643	22,180	Jun-27	-3.3%	-4.6%
Jul-27	270	115	Jul-27	0.0%	0.0%	Jul-27	59,370	22,650	Jul-27	-2.6%	-3.7%
Aug-27	270	115	Aug-27	0.0%	0.0%	Aug-27	59,415	22,800	Aug-27	-2.6%	-3.4%
Sep-27	316	115	Sep-27	0.0%	0.0%	Sep-27	59,481	22,950	Sep-27	-2.5%	-3.0%
Oct-27	299	115	Oct-27	0.0%	0.0%	Oct-27	59,525	23,250	Oct-27	-2.8%	-3.7%
Nov-27	301	115	Nov-27	0.0%	0.0%	Nov-27	59,591	23,400	Nov-27	-2.8%	-3.5%
			Dec-27	2.3%	3.8%				Dec-27	2.3%	3.8%

Source: CME

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