FIS

BATTERY METALS WEEKLY REPORT

28 Jul 2026

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Lithium Salt and Spodumene Market:

- **FastMarket Lithium Hydroxide/Lithium Carbonate:** Our view is short-run **Neutral**. Having fully priced in the bearish supply narrative, the lithium salt market has shifted its trading focus to robust spot fundamentals amid stronger-than-expected battery production schedules for July and August.
- **FastMarket Spodumene:** Our view is short-run **Neutral**. Spodumene prices edged lower this week, yet rigid purchasing demand from downstream lithium salt producers provides downside support, limiting the scope for sharp corrections.

Prices Movement:

	27 Jul	20 Jul	Changes %	FIS Sentiment
FastMarket Lithium Hydroxide Monohydrate CIF China, Japan & Korea ($/kg)	18.75	18.10	+3.59%	Neutral
FastMarket Lithium Carbonate Spot CIF China, Japan & Korea ($/kg)	19.25	19.25	0.00%	Neutral
Bloomberg Lithium Carbonate Spot China (yuan/ton)	139500.0	146500.0	-4.78%	Neutral
FastMarket Cobalt 30% ($/lbs)	23.88	24.13	-1.04%	Neutral
FastMarket Spodumene min 6% Asia ($/ton)	2077.50	2140.00	-2.92%	Neutral

Commentary:

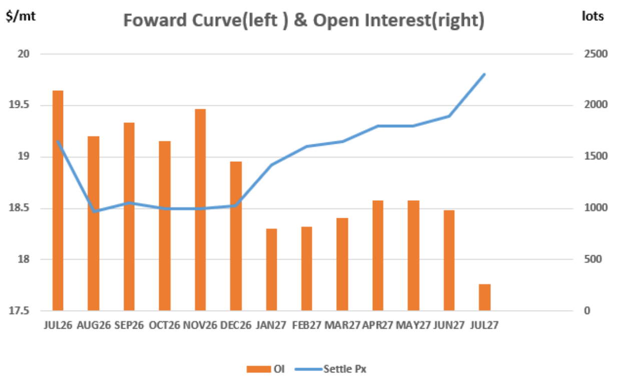
Lithium salt prices staged a muted rebound last week, underpinned by sustained inventory destocking across the supply chain and robust demand from downstream power battery manufacturers. Meanwhile, bullish market expectations of a rapid resumption of production at Jiangxi lithium mines were invalidated, eliminating a key supply-side growth catalyst. Broad bearish pressure across the complex stemmed from the collapse of the broader macro and AI growth narrative, triggering a synchronised sell-off across the non-ferrous metals complex and dragging lithium benchmarks lower.

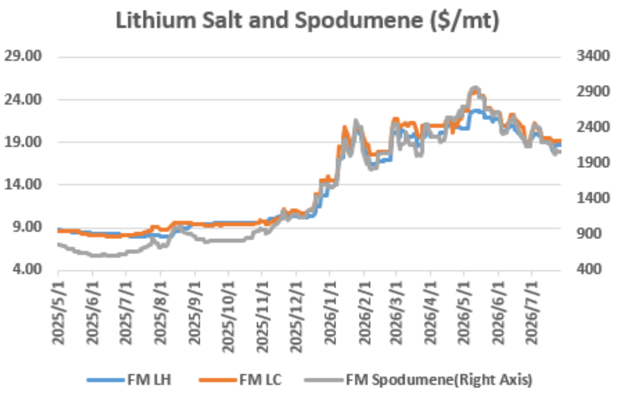
Following the rollout of the new consumption tax policy, multiple industry bodies estimate that the 4% tax rate will raise production costs for small and medium-sized cell manufacturers. Given the limited room for downstream battery makers to pass on price increases, corporate profit margins are under persistent pressure, accelerating the exit of inefficient marginal capacity. The policy offers differentiated incentives: cutting-edge technologies, including sodium-ion batteries and solid-state batteries, remain exempt from consumption tax. On 23 July, the Office of the United States Trade Representative (USTR) issued an official notice. Under Section 301 of the Trade Act of 1974, it imposed tiered tariffs ranging from 10% to 12.5% on dozens of economies worldwide under the pretext of “forced labor”, replacing expiring legacy global import tariffs. Market sources indicate that the maximum tariff rate for Chinese goods under this round has been capped below 20%, leaving room for further negotiations.

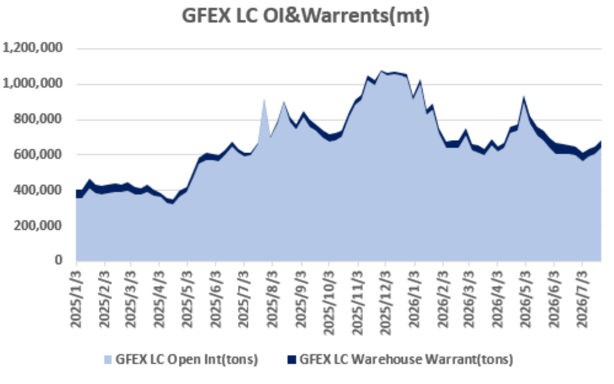
Lithium salt prices tested the interim bottom as expected last week and found solid support near $18/kg, equivalent to around RMB 140,000/tonne. Upstream miners’ reluctance to sell inventories, coupled with restocking to meet immediate requirements from downstream buyers, jointly drove a corrective price rebound. From a valuation perspective, $18/kg, or RMB 140,000/tonne, serves as the key primary support level. This price represents the break-even level for production across three mainstream lithium extraction routes—salt lake brine, lepidolite and recycled lithium—and also represents the cash-cost floor for processors relying on purchased spodumene feedstock. The market widely recognises this valuation anchor, with multiple sharp rebounds observed at this level year-to-date, forming a solid near-term valuation floor.

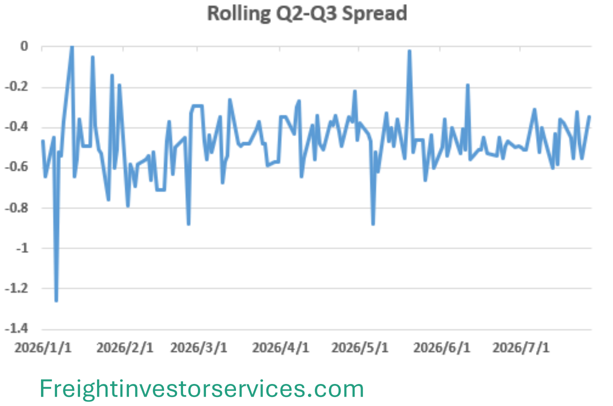
Lithium salt derivatives have shed more than 30% from their May peak. In addition, following the CSRC’s market stabilisation conference last week, 13 Chinese listed lithium companies have announced share repurchase programmes, with more announcements expected in August, providing valuation support for the lithium battery sector.

Source: Bloomberg, Fastmarket, FIS







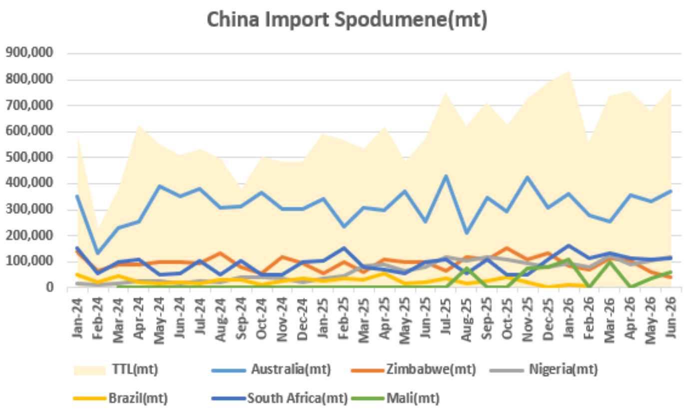


On the Australian supply side, incremental output from the Bald Hill, Mt Marion and Finniss lithium projects is ramping up. In China, CATL's Jianxiawo mine secured a non-coal mine work-safety permit to resume operations, retaining its approved annual mining capacity of 100,000 tonnes with no expansion. Utilisation is projected to reach only 60% of the designed run-rate in Q4, and full annual output of 100,000 tonnes will not resume until after 2027. Overall, incremental supply from China's Q4 mine restarts will be far smaller than the market had previously priced in. Industry surveys project total August 2026 output of power, ESS and consumer batteries at 315–320 GWh, up over 7% MoM. ESS and electric heavy-duty trucks remain steady demand anchors, underpinning lithium salt valuations. The lithium salt spot deficit widened through June and July 2026. However, the previous price slump primarily discounted supply additions after August rather than reflecting a material deterioration in spot fundamentals. According to our proprietary supply-demand balance sheet, marginal supply relief and moderating demand growth in August–September will not erase the structural market deficit; balanced fundamentals are unlikely before November, in line with downstream cell production schedules. We attribute the recent consecutive price declines to temporary sentiment- and capital-driven headwinds. Solid spot supply-demand fundamentals leave lithium salts well positioned for a corrective rebound.

Lithium salt and cobalt sulfate prices slumped in tandem, eroding cost support for NCM cathode materials. Battery cell makers turned cautious and slowed raw material purchasing amid falling feedstock prices. The market has fully priced in Q3 demand projections and optimism over pre-consumption-tax restocking in recent weeks, with no fresh bullish catalysts to improve subdued trading sentiment. Ample downstream inventories prompted widespread deferrals of cargo take-up, and NCM material shipments are set to contract in July.

LFP demand remains underpinned by the rising penetration of battery electric heavy-duty trucks and sustained volume growth in energy storage projects, delivering steady overall expansion. That said, energy storage battery output growth may experience a temporary slowdown from August; some orders were pulled forward to July, which will cap month-on-month demand gains for LFP. Top-tier LFP producers are operating near their theoretical maximum operating rates, while idle capacity among small and medium-sized manufacturers has expanded.

Source: Bloomberg, Fastmarket, FIS



The cobalt intermediate market remained in a stalemate this week. A concentration of imported cargo arrivals increased marginal supply, yet spot trading volumes remained constrained, creating a market characterised by firm asking prices, limited transactions and holders' reluctance to offload inventories. Downstream smelters held back from purchasing in anticipation of cheaper feedstock amid falling cobalt salt and cobalt metal prices, resulting in persistently subdued buying interest.

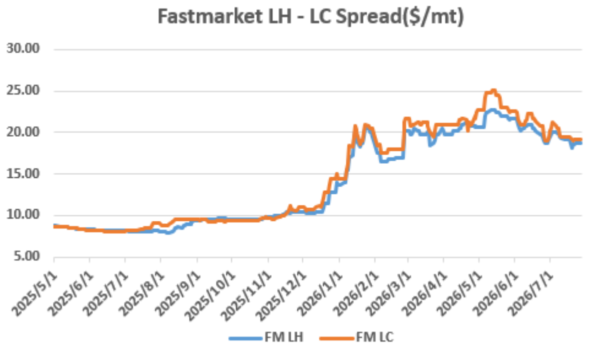
While Indonesia's nickel hydrometallurgical projects continue to ramp up output, disruptions to sulfur supplies and slower-than-expected commissioning of new facilities mean Indonesian supply cannot effectively offset DRC cobalt shortages in the short run. Indonesian mixed hydroxide precipitate (MHP) offers only limited supplementary cobalt feedstock. On the cost front, most Chinese processors relying on imported cobalt intermediates are operating at a loss, prompting some participants to cut output, halt production or delay purchases. The complex remains under broad downward pressure, with a stand-off between buyers and sellers persisting.

Procurement driven by rigid downstream demand and upstream price support has driven a gradual overall rebound across the lithium salt market. The CIF lithium hydroxide index edged up slightly, while the CIF lithium carbonate index remained flat. Spot lithium hydroxide trading remained in a stand-off between buyers and sellers, with transactions concentrated in the $21–23/kg range. Sellers showed clear reluctance to liquidate inventories below $21/kg, whereas buyers refused to accept prices above $23/kg. A wave of low-priced sell orders for lithium hydroxide emerged early this week, yet strong buying interest below the index restored market balance. Spot lithium carbonate saw few concluded trades despite active quoting from both sides; buyers submitted bulk bids at $18–18.5/kg, while sellers held offers above $20/kg. Spodumene traded actively amid broad volatility last week. Trades were first concluded at $1,980–1,995/tonne early last Monday before prices rallied swiftly to $2,092/tonne, a level representative of the prevailing index.

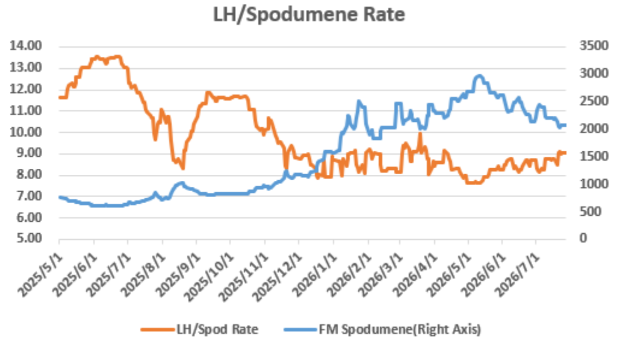
Last week, the lithium hydroxide basis on CME offered short opportunities as the basis narrowed slightly from 2% to 1%. Long entry opportunities may emerge when the basis hovers around 0.15%. Short-side opportunities exist for GFEX lithium carbonate at a basis of roughly 4.5%, while long positions on the downside are only viable near a basis of 0.5–0.7%. Rolling quarterly spreads moved deeper into negative territory, from -$0.43/kg to -$0.53/kg, yielding limited actionable trading opportunities. The contango structure remained largely unchanged through the first three weeks of July before flattening abruptly last week, signalling that spot prices have reached an interim bottom.

- In the short run, our view on lithium salt is **Neutral**.
- In the long run, we view lithium salt as **Neutral**.
- In the short run, our view on spodumene is **Neutral**. In the long run, we see spodumene as **Neutral**.
- In the short run, our view on volatility is **Neutral**.

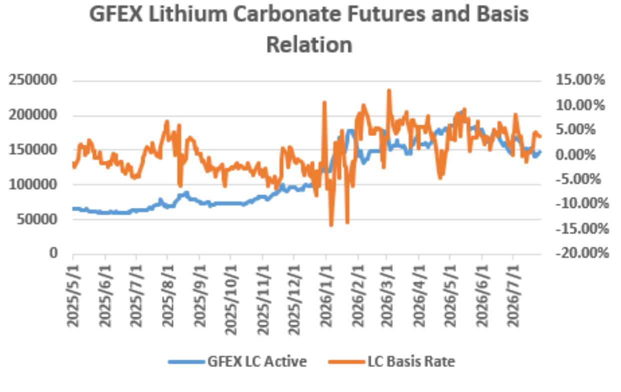
Source: Bloomberg, Fastmarket, FIS



- The LH-LC spread remained largely unchanged week-on-week.



- The salt-spodumene price ratio began to rebound, while spodumene tracked lithium salt prices in the near term.



- The GFEX lithium carbonate basis rate traded within a narrow range. Bearish basis trades can be monitored at the 4–5% level.

Source: Bloomberg, Fastmarket, FIS

Market News List:

• The National Railways of Zimbabwe (NRZ) has officially launched a rail logistics route for lithium concentrate shipments to the Port of Maputo in Mozambique. The cost advantages and stable carrying capacity of rail transport will support sustained production ramp-ups at Zimbabwe's lithium mines, reduce reliance on South African ports and further streamline supply chains for Chinese lithium salt manufacturers sourcing feedstock from Africa.

• Longi Green Energy has signed a landmark cooperation agreement with global energy firm RWE to develop a large-scale utility photovoltaic and battery energy storage system (BESS) project in Sicily, Italy, with planned storage capacity of roughly 300 MWh. The project will connect to the local power grid upon completion.

• Chilean lithium miner SQM and Australian conglomerate Wesfarmers have reached a final investment decision (FID) on the expansion of Australia's Mt Holland lithium mine. The definitive feasibility study indicates that the mine's nameplate spodumene concentrate capacity will double from the current 380,000 tonnes per annum to 760,000 tonnes per annum following the expansion.

• On 21 July, Tianci Materials disclosed its latest progress in new-generation battery materials through an investor relations platform. The company has mastered mass-production technology for sodium-ion battery electrolytes and their key raw materials and established stable supply partnerships with leading cell manufacturers, including CATL.

• Ge Honglin proposed building a five-pronged security framework for new-energy metals during the 15th Five-Year Plan period, based on domestic mineral resources, supported by overseas equity assets, supplemented by recycled materials, balanced through strategic stockpiles and backed by technological innovation. Different strategic priorities apply to key metals: breakthroughs in salt lake lithium extraction technology, improved utilisation of low-grade lateritic nickel ore and enhanced cobalt recovery from associated ores.

• Shenzhen Zhongji secured an overseas order worth approximately RMB 1.1 billion for a turnkey 4 GWh intelligent new-energy battery production line with an ultra-short six-month delivery cycle. The deal marks the shift of China's lithium battery equipment sector from exports of standalone machinery to exports of complete manufacturing solutions.

• Tianci Materials plans to complete and commission a 100-tonne pilot production line for lithium sulfide and solid-state electrolytes in Q3 2026.

• Minas Gerais state environmental regulator FEAM has ordered Sigma Lithium to halt all mining operations at its Grota do Cirilo site and suspended the spodumene mine's operating permit until further notice. The mine has annual capacity of 270,000 tonnes, and this marks the third legal setback for Brazil's largest lithium producer since last December.

• Sibanye-Stillwater CEO Richard Stewart stated on 21 July that Finland's Keliber lithium project has transitioned from construction to operational ramp-up. Set to become Europe's first integrated lithium production complex, the facility has designed annual capacity of around 15,000 tonnes of battery-grade lithium hydroxide. Its concentrator is projected to produce 200,000 tonnes of spodumene concentrate annually, which will be sent to the Keliber lithium refinery in Kokkola Industrial Park, currently undergoing commissioning preparations.

Source: Bloomberg, Fastmarket, FIS

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