FIS

WEEKLY BATTERY METALS MARKET PREVIEW

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Battery Metals Market Signals

Bull

- LFP: China's July industry production schedules rose 7% month-on-month, while prices fell by roughly 10% from early June. Sustained robust demand from energy storage remains the core growth driver for LFP consumption, supporting expanded production plans.

- Ternary cathode: China's July output increased by a modest 3% MoM, yet material prices dropped 7% versus early June, dragged down by falling lithium carbonate quotations. Cathode pricing remains highly correlated with lithium salt volatility.

- Congestion at Zimbabwe's two major lithium export ports led to lower-than-expected concentrate arrivals in China, with shipment recovery slower than previously forecast. Market optimism over the July restart of the Jianxiawo lepidolite mine has faded, and the timeline remains unresolved. Spodumene concentrate remains in tight physical supply.

- The spot basis strengthened amid broad reluctance among sellers to liquidate inventories. Coupled with constrained concentrate feedstock and scheduled plant maintenance, multiple lithium salt producers cut operating rates, tightening available spot supply.

- Three lithium carbonate facilities under Jiangxi Jiuling Lithium—Yifeng Jiuling, Fengcheng Jiuling and Feiyu New Energy—will undergo phased shutdowns for technical upgrades across July–August, removing 4,000 tpa of battery-grade lithium carbonate capacity from the market and tightening near-term salt supply.

- On 16 July, the MOF, the General Administration of Customs and the SAT jointly issued a circular to reinstate consumption tax on lithium-ion batteries in phases: 2% effective from 1 September 2026, rising to 4% from 1 September 2027. To avoid higher tax burdens after September, battery manufacturers will front-load production and inventory build-up, driving a temporary spike in battery output schedules for August and lifting near-term lithium salt purchasing demand.

- Zimbabwe's Minister of Mines, Kambamura, formally rejected industry requests to delay the raw lithium concentrate export ban until March 2027; the 1 January enforcement timeline remains unchanged. Starting next year, only value-added downstream lithium products may be exported, cementing the medium- to long-term supply-tightness narrative for low-cost African lithium feedstock and underpinning a valuation floor for lithium raw materials.

Bear

- China rolled out aggressive stimulus policies for consumer electronics in 2025, yet policy support tightened sharply in 2026, with drastic cuts to subsidies for entry-level consumer goods, weakening lithium demand growth from this sector.

- Guinea lifted partial cobalt export quotas, which provided only temporary stability to cobalt intermediate prices. Wide divergence persists across the market: miners are holding firm on asking prices, while downstream smelters resist high-cost purchases, widening bid-offer spreads. Slumping spent battery scrap prices are further weighing on primary cobalt consumption, capping cobalt's rebound momentum and keeping prices range-bound.

- Zijin Mining issued a notice on 9 July stating that the concentrator at its Manono lithium mine in the DRC commenced operations in May 2026, one month ahead of schedule. The supporting smelter and downstream facilities are scheduled to come online by December, with a 2026 production target of 30,000 tonnes LCE from the asset. Shipments of spodumene concentrate to China have commenced, forming a key incremental source of lithium feedstock this year.

- The first production line of Lopan Technology's 110,000 tpa high-performance phosphate cathode material project under Shandong Lithium Source entered trial operation. The facility focuses on high-energy-density premium LFP for power and energy storage batteries, with incremental supply set to ease tightness in high-grade LFP over the medium term.

- Tongyuan Cobalt announced that its DRC hydrometallurgical plant, with annual capacity of 30,000 tonnes of copper and 2,000 tonnes of cobalt, has completed construction and started trial feed runs. Post-commissioning, the firm's total copper capacity will rise to 90,000 tpa and cobalt capacity to 31,500 metal tonnes, lifting overseas self-sufficiency in copper-cobalt feedstock and mitigating regulatory risks related to DRC mineral exports and tenure policies.

Others

- As of the week ending 17 July, weekly trading volume for lithium carbonate on the Guangzhou Futures Exchange stood at 1,403,732 tonnes, up 14.98% week-on-week. Open interest stood at 603,822 tonnes, up 1.90% week-on-week.

- Registered lithium carbonate warehouse warrants on the Guangzhou Futures Exchange stood at 41,231 tonnes last week, compared with 42,067 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
Jul-26	1,303	2150	Jul-26	-0.9%	-2.3%	Jul-26	57,849	19,410	Jul-26	0.0%	-0.1%
Aug-26	1390	1757	Aug-26	-1.3%	-2.8%	Aug-26	56,218	19,370	Aug-26	-1.3%	-0.9%
Sep-26	1119	1850	Sep-26	-0.3%	-1.6%	Sep-26	56,218	19,700	Sep-26	-1.4%	0.8%
Oct-26	1094	1726	Oct-26	6.8%	-2.4%	Oct-26	55,270	19,720	Oct-26	-3.2%	0.3%
Nov-26	1213	1905	Nov-26	6.1%	-4.3%	Nov-26	55,270	19,730	Nov-26	-3.2%	0.3%
Dec-26	1193	1540	Dec-26	6.2%	-5.2%	Dec-26	55,270	19,800	Dec-26	-3.2%	0.2%
Jan-27	566	719	Jan-27	6.8%	4.5%	Jan-27	55,777	20,050	Jan-27	-2.3%	0.4%
Feb-27	527	733	Feb-27	7.3%	4.1%	Feb-27	55,777	20,100	Feb-27	-2.2%	-0.6%
Mar-27	536	740	Mar-27	11.4%	4.1%	Mar-27	55,777	20,230	Mar-27	-2.3%	-0.1%
Apr-27	440	595	Apr-27	1.6%	54.5%	Apr-27	56,372	20,550	Apr-27	-2.3%	-0.7%
May-27	440	595	May-27	1.6%	54.5%	May-27	56,438	20,550	May-27	-2.3%	-0.7%
Jun-27	345	595	Jun-27	2.1%	54.5%	Jun-27	56,504	20,550	Jun-27	-2.3%	-1.0%
Jul-27	270	175	Jul-27	0.0%	12.9%	Jul-27	56,923	21,050	Jul-27	-1.8%	-0.7%
Aug-27	270	135	Aug-27	0.0%	17.4%	Aug-27	56,945	21,050	Aug-27	-1.8%	-2.5%
Sep-27	316	135	Sep-27	0.0%	17.4%	Sep-27	56,989	21,050	Sep-27	-1.8%	-2.9%
Oct-27	299	10	Oct-27	0.0%	100.0%	Oct-27	57,430	21,480	Oct-27	-1.3%	-2.1%
Nov-27	301	10	Nov-27	0.0%	100.0%	Nov-27	57,474	21,550	Nov-27	-1.3%	-2.2%
Dec-27	247	10	Dec-27	0.0%	100.0%	Dec-27	57,496	21,630	Dec-27	-1.4%	-2.3%

Source: CME

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