FIS

BATTERY METALS WEEKLY REPORT

11 Aug 2026

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Lithium Salt and Spodumene Market:

- **FastMarket Lithium Hydroxide/Lithium Carbonate:** Our view is short-run **Neutral to Bullish**. Stronger-than-expected demand for NCM batteries in August provides structural support for lithium hydroxide prices. Lithium carbonate has staged a corrective rebound following a sharp prior decline. Mine maintenance and recovering spot demand have jointly lifted market sentiment.

- **FastMarket Spodumene:** Our view is short-run **Neutral to Bullish**. After a sharp decline in spodumene prices, bottom-fishing buying interest has emerged, underpinning further spot-market rebounds.

Price Movement:

	11 Aug	4 Aug	Changes %	FIS Sentiment
FastMarket Lithium Hydroxide Monohydrate CIF China, Japan & Korea ($/kg)	18.00	18.25	-1.37%	Neutral to Bullish
FastMarket Lithium Carbonate Spot CIF China, Japan & Korea ($/kg)	18.90	19.00	-0.53%	Neutral to Bullish
Bloomberg Lithium Carbonate Spot China (yuan/ton)	139500.0	140500.0	-0.71%	Neutral to Bullish
FastMarket Cobalt 30% ($/lbs)	22.50	22.50	0.00%	Neutral
FastMarket Spodumene min 6% Asia ($/ton)	2072.50	1997.50	3.75%	Neutral to Bullish

Commentary:

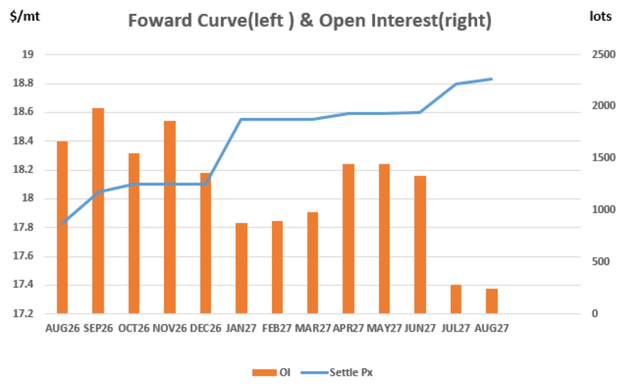
The lithium salt market witnessed a V-shaped reversal in August. After a sharp decline at the start of the month, prices steadily rebounded last week to recoup previous losses, reaffirming the robustness of downside valuation support. This rebound was largely driven by valuation recovery and macro capital inflows. The cost threshold for spodumene-based conversion has been breached, while the theoretical cost level for mica-sourced lithium has nearly been reached, materially reducing the likelihood of a smooth downward price move. In addition, following sharp declines across traditional industrial sectors in early August, capital has flowed back into the new-energy segment. Nevertheless, capital-driven trades anchored in macro sentiment tend to be short-lived, with the risk of periodic outflows remaining.

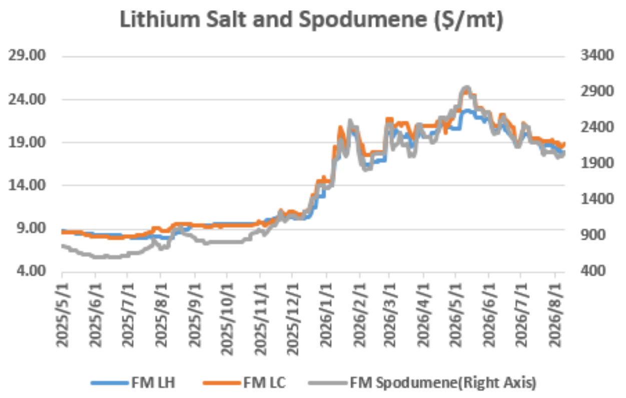
On the derivatives front, GFEX lithium carbonate open interest has remained muted over the past three weeks amid sustained contraction in trading volumes. CME lithium hydroxide open interest has likewise remained stable, with average daily turnover gradually declining. Cooling activity across derivatives markets points to growing market consensus, and short-term price ranges may narrow.

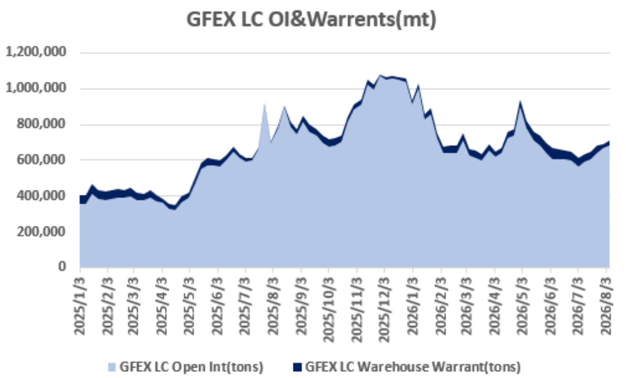
Last week, the spot lithium carbonate market broadly stabilised, with downstream participants adopting an on-demand purchasing strategy while maintaining low inventory levels. Output from salt lake operations edged higher, yet output losses stemming from maintenance at selected mines drove a notable pickup in spot demand. The CIF lithium carbonate index has moved by only $0.1/kg in August, signalling strong market consensus around current pricing levels. Early-week spot trades were concluded at a low of $17.8/kg, before the bid-offer focus gradually shifted towards the $18.9/kg index level. This points to improving market sentiment, greater buyer acceptance and stronger willingness among sellers to defend prices.

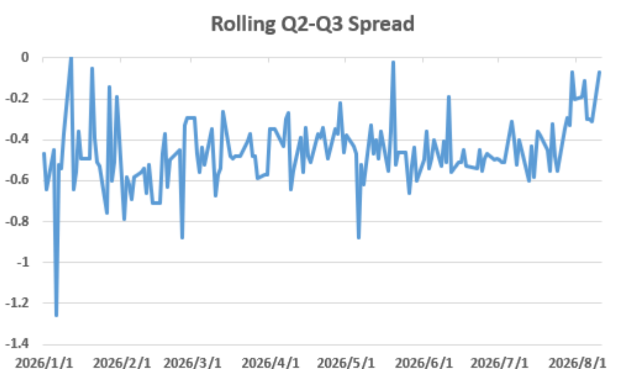
For lithium hydroxide, bid-offer tensions remain elevated and spot-market activity exceeds that of lithium carbonate, with multiple transactions executed across the broad $15–23/kg range. The CIF spodumene index has edged up modestly from its February low of $1,997.50/tonne to $2,072.50/tonne, although spot liquidity remains thin. Buyers continue to place bids near $1,930/tonne, forcing sellers to lower offers from $2,100/tonne towards $2,000/tonne. As bid-offer spreads continue to narrow alongside rising enquiry activity, trading volumes may increase this week if buyer and seller price expectations converge further.

Source: Bloomberg, Fastmarket, FIS









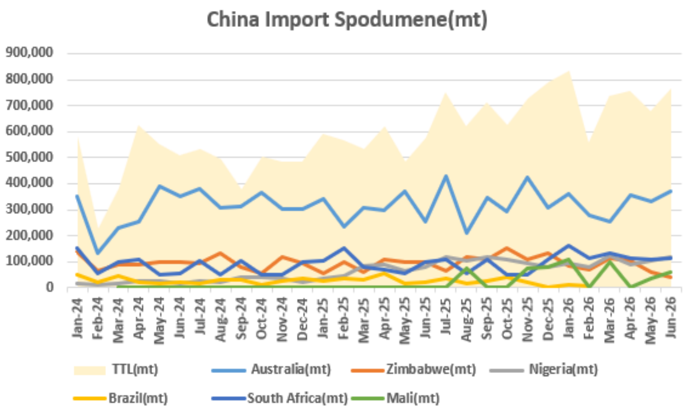
NCM battery production schedules posted a modest month-on-month increase in July before rising sharply by 5% month-on-month in August, mainly driven by stronger export demand and rising EV output in Europe. Full-year 2026 NCM battery output growth is projected to exceed 25%, well above the 10–12% consensus forecast published by major institutions early in Q2. Key long-term support comes from improving demand for plug-in hybrid vehicles, robust exports of high-end battery electric vehicles from China and rapid output expansion across European markets. According to CPCA data, July new-energy passenger vehicle retail sales are estimated at roughly 980,000 units, with a smaller-than-expected sequential decline, underscoring underlying end-user demand resilience. Solid NCM battery performance will continue to provide demand-side support for lithium hydroxide prices.

The August production schedule for LFP batteries points to a 5% month-on-month increase, marking a deceleration from the previous month. This does not signal softening demand but reflects structural supply-side constraints: tier-one high-quality capacity is operating at full utilisation, while mid- to low-end capacity is exiting the market at an accelerated pace amid persistent losses, leaving limited room for growth in effective usable capacity. Accordingly, demand remains robust over a longer horizon, with full-capacity operations expected to persist through H2. Meanwhile, global resource cooperation projects are advancing notably faster in the second half of the year, providing sustained medium- to long-term support for LFP demand.

Lithium cobalt oxide prices have edged lower amid weak cobalt salt prices. Some producers cut offer prices to defend market share, squeezing profit margins further. August lithium cobalt oxide production schedules show a 4% month-on-month increase, reflecting a mild recovery in demand.

The official export ban on copper-cobalt concentrates in the DRC has come into force, alongside policy requirements such as equity adjustments for foreign-owned miners, pointing to a clear medium- to long-term supply-tightening trend. Nevertheless, soft seasonal demand continues to cap prices in the near term. Bid-offer stand-offs persist across the market, with thin trading activity.

Source: Bloomberg, Fastmarket, FIS



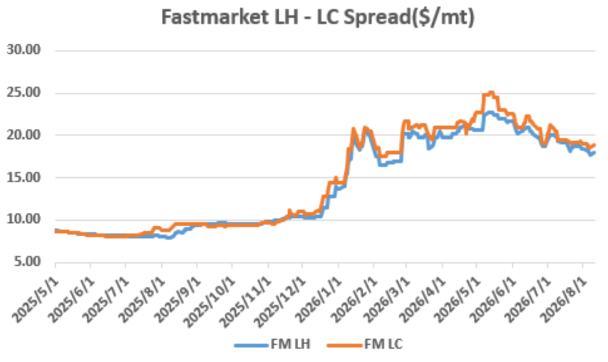
The LH/LC spread has remained relatively stable over the past two weeks within a range of -$0.75/kg to -$0.50/kg, offering limited trading opportunities.

Following substantial warrant cancellations in July, GFEX warrants have gradually begun to rebuild in August. Nevertheless, social inventories of lithium carbonate continue to decline notably. The GFEX LC basis ratio showed low volatility last week, with no viable arbitrage signals. Meanwhile, the CME LH basis ratio reached -4%, creating an intraday bullish basis-trade opportunity. The previously flagged bearish basis-trade opportunity at 4% unwound within several days.

The rolling quarterly spread remained steady at -$0.22/kg, unchanged week-on-week. Continue to monitor for potential short-selling opportunities should the spread rebound towards zero.

- In the short run, in our view, lithium salt is **Neutral to Bullish**.
- In the long run, lithium salt is **Neutral**.
- In the short run, in our view, spodumene is **Neutral to Bullish**. In the long run, spodumene is **Neutral**.
- In the short run, in our view, the volatility is **Neutral to Bearish**.

Source: Bloomberg, Fastmarket, FIS



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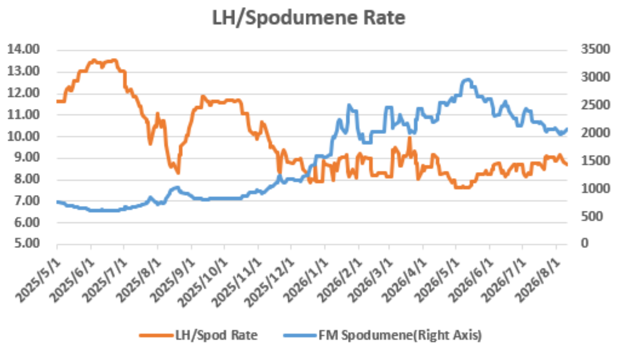
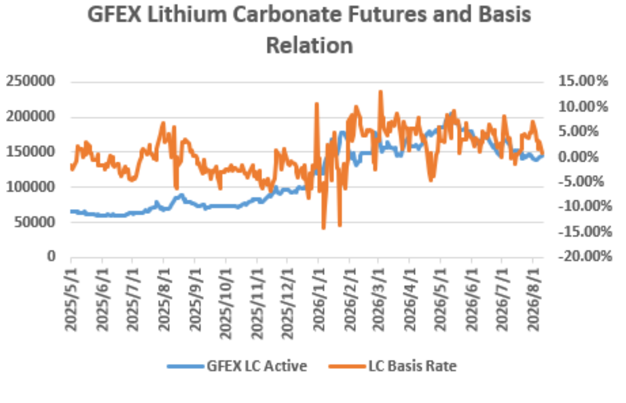


- The salt-to-spodumene ratio continues to rebound. Spodumene is currently supported by procurement driven by rigid end-user demand. Following a valuation recovery, stronger spodumene prices may drive the ratio lower in the short run.



- The GFEX lithium carbonate basis ratio has edged higher. Opportunities to short the basis ratio merit attention.

Source: Bloomberg, Fastmarket, FIS

Market News List:

- Driven by the new consumption tax policy and other factors, battery manufacturers may adjust product prices by passing on the 2% consumption tax cost based on original tax-exclusive battery prices.

- Zhongkuang Resources (002738.SZ) has announced the resumption of production at its subsidiary Jiangxi Zhongkuang Lithium Industry. The 30 ktpa high-purity lithium salt production line resumed operations on 10 August 2026, while the 35 ktpa high-purity lithium salt line is set to restart in mid-August 2026.

- Upon full commissioning, Hichen Energy Storage's world-first long-duration energy storage integrated industrial park in Heze, Shandong, will provide 30 GWh of long-duration energy storage cell capacity and 20 GWh of energy storage system capacity. Global lithium-ion energy storage cell shipments reached 523.6 GWh in H1, surging 70% year-on-year, with Hichen Energy Storage ranking fourth globally.

- Pursuant to the EU Batteries and Waste Batteries Regulation, the digital battery passport regime will take effect on 18 February 2027. Chinese manufacturers exporting lithium-ion batteries to the EU will face stringent ESG compliance requirements. ESG requirements imposed by downstream buyers have spread upstream across China's lithium battery supply chain, covering ESG data collection and supply chain due diligence.

- US President Trump announced $3 billion in federal investment targeting critical mineral and battery projects to boost domestic US manufacturing capacity.

- The DRC has imposed an immediate export ban on copper-cobalt concentrates, although market participants expect a limited material impact on overall supply.

- Chile exported 29.4kt LCE of lithium salts in July 2026, down 5.0% month-on-month and up 0.1% year-on-year.

Source: Bloomberg, Fastmarket, FIS

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