FIS

WEEKLY BATTERY METALS MARKET PREVIEW

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Battery Metals Market Signals

Bull

- Lithium carbonate inventories are destocking at an accelerating pace, while weekly apparent demand has strengthened notably. Sample lithium carbonate inventories fell by 6,773 tonnes week-on-week to 101,104 tonnes, with the pace of destocking accelerating significantly.

- August LFP cathode output reached 565,000 tonnes, up 5% month-on-month, with the industry operating near full capacity. August LFP cathode production schedules rose by 5.1% month-on-month; apart from some mid- to low-end production lines, the industry is operating near full capacity, with high-quality capacity remaining tight and providing strong support for upstream lithium salt prices.

- LFP processing fees have increased substantially, effectively offsetting downstream price pressure.

- On 3 August, China's NDRC and NEA officially released the 15th Five-Year Plan for New Power System Construction, specifying that the country will add about 160 GW of new-type energy storage capacity, bringing the total to 300 GW by 2030. Energy storage is being upgraded from a supporting facility for new energy to an independent core regulating resource, opening up medium- to long-term incremental demand for battery materials.

- August ternary material output is expected to rise by 5% month-on-month to 93,840 tonnes, with production schedules continuing to expand.

- Sentiment across the sodium-ion battery supply chain remains strong, with leading players accelerating capacity expansion.

- New-energy passenger vehicle penetration hit a record high of 64.5% in July. Data from the China Passenger Car Association show that July NEV retail sales are estimated at 980,000 units, pushing penetration to a record 64.5%. Global cumulative NEV passenger vehicle sales reached 11.22 million units in H1 2026, up 13% year-on-year, with China accounting for 60% of the global market.

- Energy storage orders have increased sharply, with shipments from leading suppliers surging. CATL announced that it will deliver its first sodium-ion battery energy storage systems to customers in September and expects to achieve GWh-level shipments by the end of 2026. It has also signed a three-year, 60 GWh sodium-ion energy storage supply agreement with Hyperstrong. Far East Cable disclosed that its lithium battery and energy storage system business secured new orders and contracts worth RMB 2.73 billion in January–July, up 170.5% year-on-year.

- Lithium hexafluorophosphate prices have doubled year-on-year, confirming the industry's profit recovery trend. China's domestic output in H1 totalled about 166,600 tonnes, up approximately 46.2% year-on-year, with the recovery in profitability across the electrolyte segment continuing.

Bear

- The entire cobalt supply chain is being squeezed by both weak off-season demand and the release of hidden inventories on the supply side.

- The DRC formally implemented its ban on exports of copper-cobalt concentrates, while the US is considering tighter controls on exports of battery black mass, tightening supply from both primary ores and recycled sources. However, Congolese cobalt raw materials have already arrived at Chinese ports in concentrated shipments, while incremental Indonesian cobalt production and recycled cobalt supply are filling the gap. As a result, no acute supply tightness has emerged in the near term.

- China's cobalt sulphate market remained lacklustre this week, with buyers and sellers locked in a stand-off. A few suppliers with greater willingness to sell have lowered offers, and occasional trades at extremely low volumes have been seen.

- July passenger car retail sales fell by 16.8% year-on-year, with end-user demand weighed down by the traditional off-season. According to CPCA data, July NEV retail sales reached 970,000 units, down 2% year-on-year and 4% month-on-month, while conventional ICE vehicle sales fell even more sharply. The off-season effect, combined with hot and rainy weather, has dampened the pace of recovery in auto consumption, creating a temporary drag on battery material demand.

- Spodumene concentrate CIF China prices continue to soften, further weakening cost support.

- Although weekly apparent lithium carbonate demand strengthened and inventory coverage continued to decline, the spot market has not experienced any genuine shortage. Inventory drawdowns are unlikely to generate meaningful positive feedback for prices. While a rational long thesis remains, the rebound is likely to be capped, and the absence of a positive demand-side feedback mechanism remains the core constraint on further upside.

- Lithium cobalt oxide and cobalt chloride prices weakened in tandem, compressing cathode producers' margins. Although LCO production schedules have increased month-on-month, no genuine recovery in end-user consumer electronics demand has yet materialised.

- Medium-term supply growth expectations remain unchanged, with Zimbabwean lithium ore arrivals in August posing latent pressure.

Other

- As of the week ending 7 August, weekly trading volume for lithium carbonate on the Guangzhou Futures Exchange stood at 1,284,285 tonnes, down 10.46% week-on-week. Open interest stood at 682,369, up 2.24% week-on-week.

- Registered lithium carbonate warehouse warrants on the Guangzhou Futures Exchange stood at 29,873 tonnes last week, compared with 25,042 tonnes in the previous week.

Weekly Futures Price and Open Interest Change

OI / lots	Cobalt Metal	Lithium Hydro
Aug-26	1,372	1659
Sep-26	1134	1983
Oct-26	1154	1548
Nov-26	1366	1858
Dec-26	1226	1357
Jan-27	680	878
Feb-27	637	896
Mar-27	661	981
Apr-27	552	1450
May-27	541	1450
Jun-27	487	1330
Jul-27	262	285
Aug-27	262	245
Sep-27	311	245
Oct-27	299	327
Nov-27	301	327
Dec-27	247	327
Jan-28	255	106

OI WoW %	Cobalt Metal	Lithium Hydro
Aug-26	1.5%	-2.2%
Sep-26	-0.4%	6.9%
Oct-26	2.1%	-1.8%
Nov-26	0.3%	-1.8%
Dec-26	0.2%	-1.7%
Jan-27	8.8%	2.7%
Feb-27	9.5%	2.6%
Mar-27	9.1%	1.3%
Apr-27	3.2%	19.7%
May-27	3.2%	19.7%
Jun-27	3.6%	18.2%
Jul-27	-5.4%	0.0%
Aug-27	-5.4%	0.0%
Sep-27	-4.6%	0.0%
Oct-27	0.0%	0.0%
Nov-27	0.0%	0.0%
Dec-27	0.0%	0.0%
Jan-28	0.0%	0.0%

Price	Cobalt Metal	Lithium Hydro
Aug-26	57,298	17,830
Sep-26	52,205	18,050
Oct-26	50,706	18,100
Nov-26	50,706	18,100
Dec-26	50,706	18,100
Jan-27	50,706	18,550
Feb-27	50,706	18,550
Mar-27	50,706	18,550
Apr-27	50,706	18,590
May-27	50,706	18,590
Jun-27	50,706	18,600
Jul-27	51,324	18,800
Aug-27	51,434	18,830
Sep-27	51,478	18,850
Oct-27	51,764	19,330
Nov-27	51,875	19,350
Dec-27	51,919	19,380
Jan-28	52,360	19,450

Price WoW %	Cobalt Metal $/mt	Lithium Hydro $/mt
Aug-26	2.3%	1.0%
Sep-26	-1.7%	0.3%
Oct-26	-1.9%	0.3%
Nov-26	-1.9%	0.0%
Dec-26	-1.9%	-0.3%
Jan-27	-2.8%	1.4%
Feb-27	-2.9%	1.4%
Mar-27	-3.0%	1.4%
Apr-27	-3.2%	0.8%
May-27	-3.2%	0.8%
Jun-27	-3.2%	0.9%
Jul-27	-3.7%	0.0%
Aug-27	-3.6%	-0.9%
Sep-27	-3.6%	-1.8%
Oct-27	-3.9%	-0.6%
Nov-27	-4.1%	-0.8%
Dec-27	-4.1%	-1.1%
Jan-28	-3.7%	-2.8%

Source: CME

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