FIS

BATTERY METALS WEEKLY REPORT

01 Sep 2026

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Lithium Salt and Spodumene Market:

- **FastMarket Lithium Hydroxide/Lithium Carbonate:** Our view is short-run **Neutral**. Contracting salt-lake supply paired with resilient downstream demand for essential requirements creates a temporary supply-demand mismatch, underpinning a floor for lithium salt prices. However, NCM battery demand is decelerating in China and consumer battery performance has fallen short of expectations, weighing on purchasing appetite for lithium hydroxide.
- **FastMarket Spodumene:** Our view is short-run **Neutral**. Spodumene physical trading has softened recently. Current prices largely reflect actual demand conditions, leaving limited catalysts for further upside. That said, lithium salt producers hold low levels of finished-product inventory, and raw material restocking to sustain operations should continue to underpin spodumene demand.

Price Movement:

	31 Aug	24 Aug	Changes %	FIS Sentiment
FastMarket Lithium Hydroxide Monohydrate CIF China, Japan & Korea ($/kg)	18.5	18.8	-1.60%	Neutral
FastMarket Lithium Carbonate Spot CIF China, Japan & Korea ($/kg)	20.08	19.8	+1.41%	Neutral
Bloomberg Lithium Carbonate Spot China (yuan/ton)	155500	152500	+1.97%	Neutral
FastMarket Cobalt 30% ($/lbs)	19.25	20	-3.75%	Neutral
FastMarket Spodumene min 6% Asia ($/ton)	2270	2335	-2.78%	Neutral

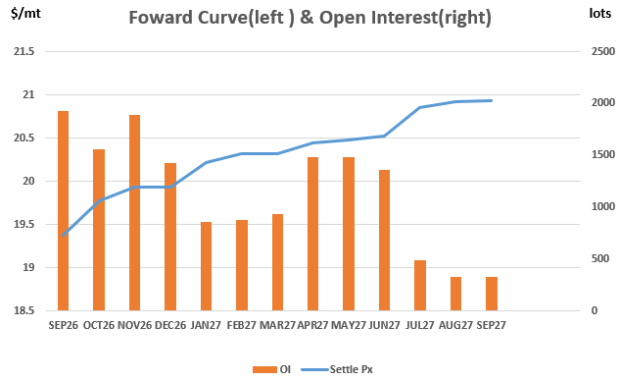
Commentary:

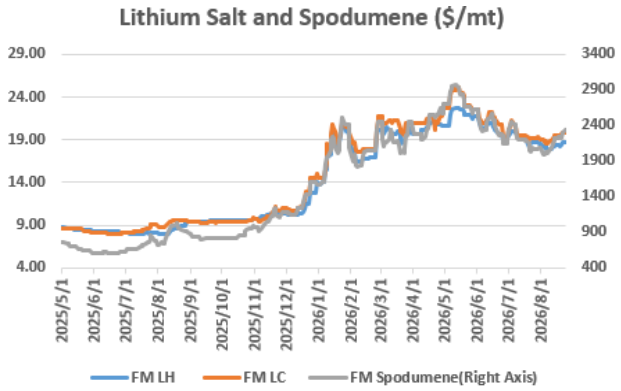
Lithium salt prices bottomed out and rebounded in August, broadly in line with our Neutral baseline view, which we maintain. On the supply side, repeated delays in the restart of Jiangxi mines have fuelled expectations of temporary supply tightness. On the demand side, energy storage remains a bright spot, and markets expect rapid inventory drawdowns to extend into September–October. Over the medium term, aggressive downstream destocking will feed through to upstream segments, sending positive signals for mine output and midstream production, while overall supply-chain activity is set to recover gradually.

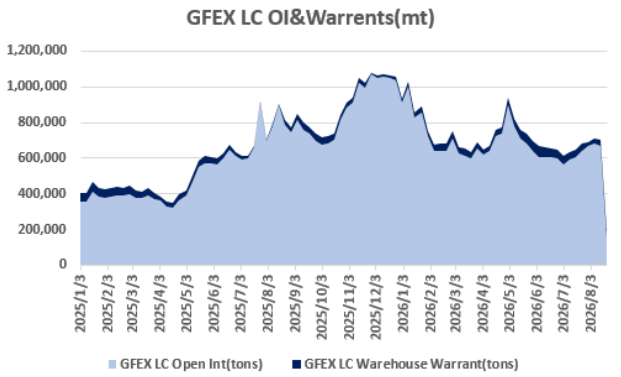
Fundamentals are largely unchanged week-on-week. After falling on Monday and Tuesday, GFEX lithium carbonate rebounded in successive sessions and returned to the previous week's trading range. Inventory drawdowns accelerated, marking the 16th consecutive week of destocking. Supply losses from salt-lake output cuts and delayed restarts of Jiangxi mines outweigh incremental arrivals of Zimbabwean spodumene. On valuation, as lithium salt prices rally, market focus is shifting towards the marginal cost level of CNY 150,000/t for producers relying on purchased spodumene feedstock. Spot prices are currently near CNY 160,000/t. Further gains could bring additional spodumene-fed capacity back online and cap lithium salt upside. Meanwhile, elevated futures prices have incentivised warrant creation. GFEX registered warrants have climbed to their highest level since the large-scale warrant cancellations in July. Cash-and-carry arbitrage is likely to compress the futures-spot spread, pulling capital-driven futures prices more in line with physical demand fundamentals.

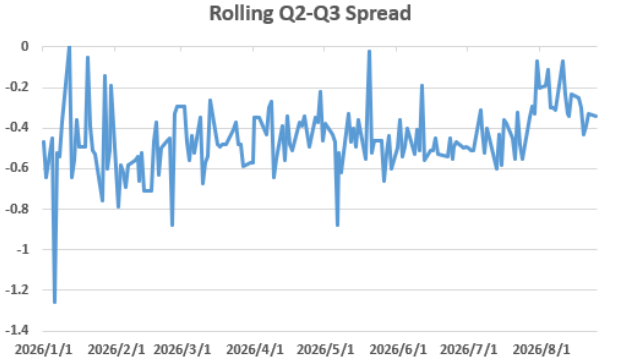
Lithium salt markets extended their rebound last week, with active physical trading, and buyers gained a notable upper hand in spot bulk deals. For CIF lithium hydroxide, heavy buying interest emerged at $16.2–16.4/kg early in the week against seller offers of $16.6–16.8/kg. Following protracted bid-offer tension, transaction levels moved higher to $17–17.5/kg in the second half. CIF lithium carbonate stabilised near $19/kg at the start; stronger buying interest pushed concluded trades to $20.4/kg. Spodumene trading was more subdued, with main transactions around $2,185/t. Bid-offer quotes remained stuck within $2,190–2,400/t, and transaction activity softened week-on-week due to switching to alternative sources and the completion of early-stage restocking by lithium salt converters. Overall, lithium salt markets remain buyer-led, with steadily rising price benchmarks.

Source: Bloomberg, Fastmarkets, FIS









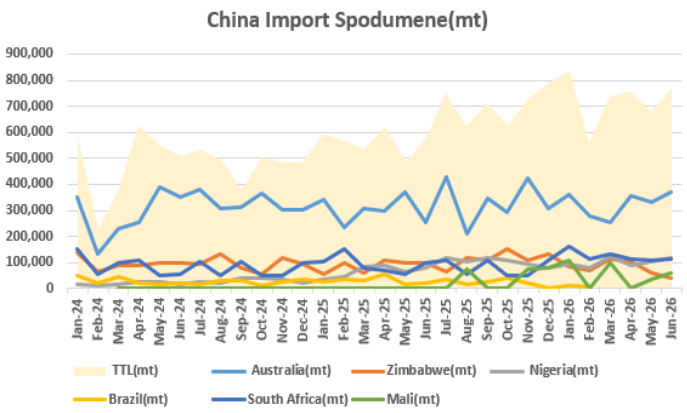
On 26 August 2026, US President Donald Trump signed Executive Order 14420, barring US entities from procuring, importing or installing large-scale power-system equipment linked to certain foreign entities. For the first time, energy storage systems are formally included within national-level grid-control lists. The vast majority of US utility-scale stationary storage projects rely on Chinese equipment. The measure may force suppliers to source alternative hardware and could prompt developers to terminate selected projects. Nevertheless, global energy storage demand growth features cross-regional and cross-cyclical structural momentum; policy shifts in a single market are unlikely to alter the broader expansion trajectory of the sector.

The labour union representing Albemarle's Chilean lithium business has held a strike ballot. A two-week work stoppage would have a limited supply impact, with potential losses capped at 3,000 t LCE. Nevertheless, strike risks are building and the duration of any potential disruption remains uncertain.

Ternary cathode prices corrected lower after a run-up, with cell manufacturers showing muted restocking appetite. Heading into September, domestic ternary-related orders face downside risks, while European orders are becoming saturated, with growth decelerating. LFP remains relatively resilient, with solid production schedules extending towards year-end; September–October output plans maintain strong sequential and year-on-year growth rates. Globally, overseas shipments of utility-scale BESS represent the key marginal demand driver.

The cobalt market remains fragmented, with producers defending offer prices amid collapsing physical transactions. Miners are holding offers above $20/lb, while downstream buying interest has fallen to $15/lb. The wide bid-offer gap has led to frequent tender failures. To avoid losses from direct sales of cobalt intermediates, some miners are shifting to toll processing for cobalt metal output. Electrolytic cobalt draws support from producers' price defence, whereas cobalt sulphate weakens on eroding cost support and competitive low-cost Indonesian material. Downstream restocking may emerge in September.

Source: Bloomberg, Fastmarkets, FIS



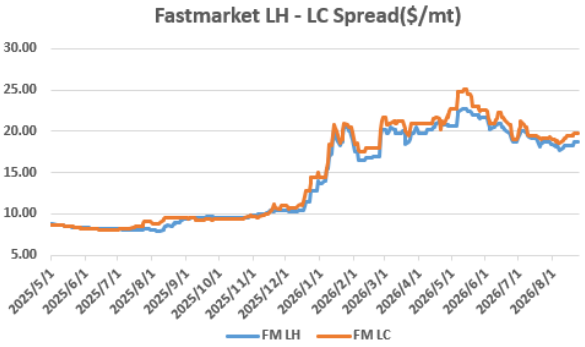


GFEX LC basis opportunities emerge recurrently but swing rapidly. We would wait for slower basis cycles before entering positions.

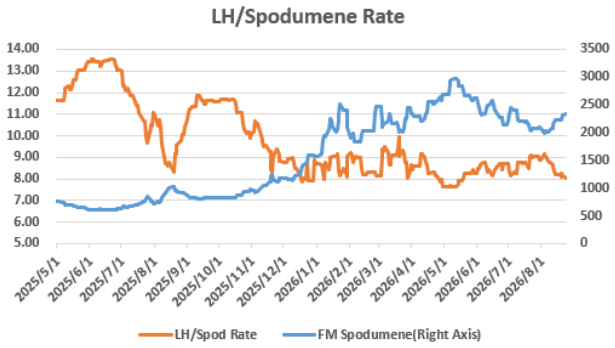
For the LH/LC spread, monitor the trade set-up: entry at -$1.2/kg, exit at -$0.5/kg.

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

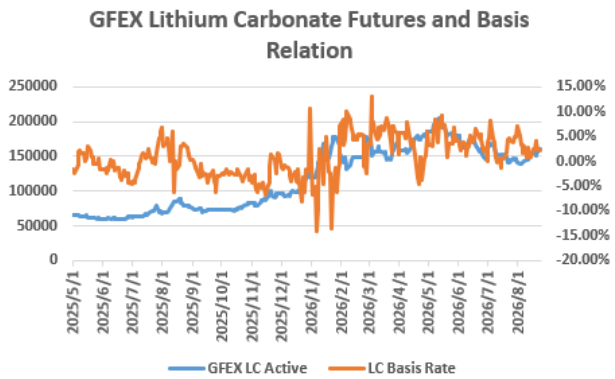
Source: Bloomberg, Fastmarkets, FIS



- For the LH-LC spread, monitor the trade set-up: entry at -$1.2/kg, exit at -$0.5/kg.



- The salt-to-ore ratio has moved lower, pointing to improving metallurgical processing margins.



- GFEX LC basis opportunities emerge recurrently but swing rapidly. We would wait for slower basis cycles before entering positions.

Source: Bloomberg, Fastmarkets, FIS

Market News List:

- **Albemarle Chile strike risk:** Albemarle's Chilean lithium operations union held a strike ballot, with 97.5% (466 out of 478 eligible members) voting in favour. Strike action could commence as early as 2 September unless both parties request mediation.

- **BMI (Fitch Solutions) lithium outlook:** BMI forecasts that lithium prices will correct lower in H2 2026, with a global market surplus emerging as early as 2027.

- **LFP output estimates:** According to some consultancies, China's August LFP output rose 8.40% month-on-month to 575 kt; September production plans are set at 605 kt.

- **Battery recycling project:** Jiangxi Woquan Energy's 120 kt/yr spent-lithium-battery recycling project is scheduled for trial production in August 2027. It targets 120 kt/yr of spent-battery treatment capacity, alongside 10 kt/yr of silicon-carbon anode and 5 kt/yr of lithium carbonate output, building a closed-loop "recycling-processing-remanufacturing" chain.

- **Energy storage demand inflection:** China's August energy storage cell production schedule exceeds 120 GWh, accounting for 40% of total planned cell production of 300 GWh. Energy storage has overtaken EV batteries to become the largest lithium-ion demand segment.

- **Overseas long-term offtake:** LG Energy Solution signed a 10-year lithium supply agreement with Smackover Lithium for 8 kt/yr of battery-grade lithium carbonate.

- **Zimbabwe lithium export policy:** Zimbabwe has approved an additional 300 kt spodumene export quota for Chinese producer Sinomine, boosting near-term seaborne spodumene supply. Authorities continue to balance export quotas against domestic processing incentives. After suspending lithium ore exports in February 2025 and introducing quotas, the government plans to ban spodumene exports entirely from January 2027 to foster local downstream conversion.

- **Electrolyte new project:** The second EIA public notice was released for Jiangxi Changrui New Materials' electrolyte material project. Upon completion, it will produce 16.5 kt/yr of lithium battery electrolyte materials plus 2,244 t/yr of by-product salts.

Source: Bloomberg, Fastmarkets, FIS

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