FIS

BATTERY METALS WEEKLY REPORT

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Lithium Salt and Spodumene Market:

- **FastMarket Lithium Hydroxide/Lithium Carbonate:** Our view is short-run **Neutral to Bullish**. Lithium carbonate bottomed and rebounded last week after touching a February low. Visibility on incremental energy storage orders remains high, while strong physical demand has helped prices stabilise.

- **FastMarket Spodumene:** Our view is short-run **Neutral to Bullish**. Global spodumene shipments are rising, while overall supply is increasing as salt lake maintenance concludes. Near-term spodumene demand remains primarily reliant on lithium carbonate, while lithium hydroxide demand has weakened.

Price Movement:

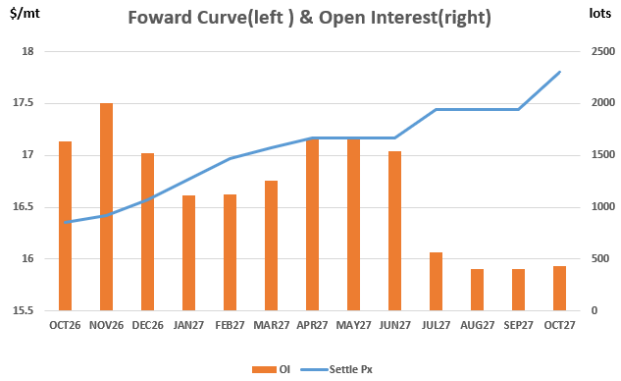
	21 Sep	14 Sep	Changes %	FIS Sentiment
FastMarket Lithium Hydroxide Monohydrate CIF China, Japan & Korea ($/kg)	17.45	17.8	-1.97%	Neutral to Bullish
FastMarket Lithium Carbonate Spot CIF China, Japan & Korea ($/kg)	17.6	18.05	-2.49%	Neutral to Bullish
Bloomberg Lithium Carbonate Spot China (yuan/ton)	130500	137500	-5.09%	Neutral to Bullish
FastMarket Cobalt 30% ($/lbs)	16.71	16.55	+0.97%	Neutral
FastMarket Spodumene min 6% Asia ($/ton)	1880	1922.5	-2.21%	Neutral

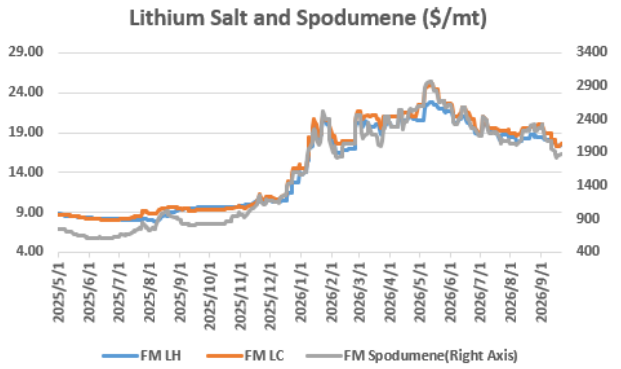
Commentary:

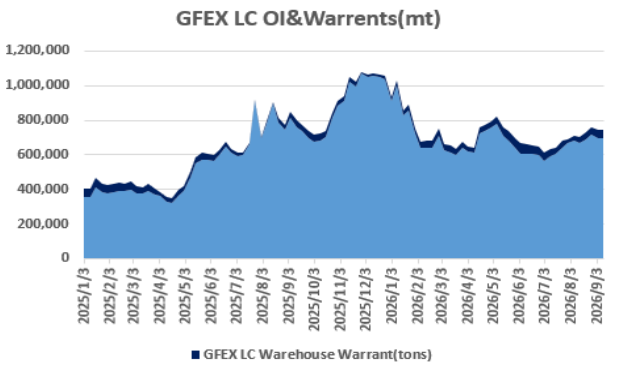
Lithium salt output edged modestly higher, while inventories continued to destock at a rapid pace. Strong demand, low inventories and elevated production remain the core features of the current market.

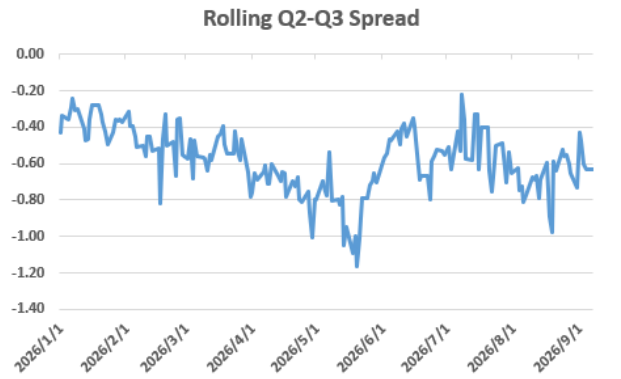
LFP output rose by over 6% MoM in September, while energy storage tenders increased by over 16% MoM, with strong demand continuing to underpin the lithium carbonate market. Although the power battery segment has not seen above-expectation volume growth, winning bids and production schedules in the energy storage segment have strengthened markedly, becoming the core incremental driver of cathode material demand. Downstream players began large-scale restocking around RMB 130,000/tonne as expected, with the procurement pace notably accelerating versus earlier. After prices broke below RMB 140,000/tonne, upstream willingness to hold offers firm and withhold sales increased markedly, with some smelters suspending spot single-order quotes and prioritising long-term contract deliveries. Ahead of the Mid-Autumn Festival and National Day holidays, spot restocking was active, spot resilience remained strong, and the transaction centre gradually stabilised. Ternary materials were dragged down by rapid declines in nickel sulphate, cobalt sulphate and lithium hydroxide prices, with prices falling in tandem as cost declines and weak demand reinforced each other. However, after prices retreated, battery makers showed increased purchasing interest to offset earlier high costs, with some companies beginning to bargain-hunt low-priced cargoes, leading to a marginal improvement on the demand side. Nevertheless, overall ternary production schedules remain constrained by weak end-user orders, and the extent of improvement remains limited. After lithium carbonate futures fell sharply, spot prices remained relatively firm. The GFEX basis widened from around -RMB 2,000/tonne to as high as RMB 11,000/tonne. Driven by the clear futures-spot arbitrage opportunity, arbitrageurs compressed the basis back to around RMB 2,000/tonne. GFEX registered warrants continued to rise to 49,797 tonnes before falling for two consecutive weeks to 41,105 tonnes, indicating that some cargoes are flowing out of delivery warehouses. A previous research report noted that futures-spot arbitrage capital was one of the important drivers of the lithium salt price recovery. The cash cost of purchased mica-based lithium extraction is already close to RMB 121,000/tonne. Even if prices remain at RMB 130,000/tonne, nearly half of capacity using this process would be operating at marginal losses, and the cost-support logic is gradually strengthening.

Source: Bloomberg, Fastmarkets, FIS







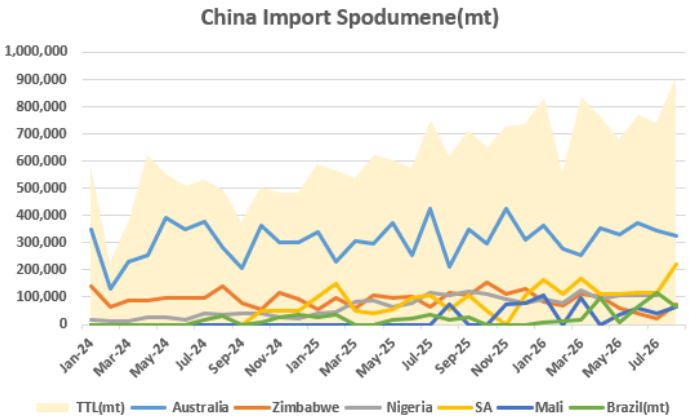


The CIF lithium salt market saw active trading last week, primarily driven by pre-holiday restocking demand in China, with bargaining power in spot single orders shifting from buyers to sellers. In lithium hydroxide, bids and offers were initially quoted at $14.5–14.7/kg early in the week, but transactions jumped to $20.8/kg in the latter half, with a few trades concluded at $21/kg this week, marking a notable upward shift in the price range. In lithium carbonate, the market traded around $16/kg, with sellers gradually raising offers to $18.7/kg while buyers held firm at $16.2/kg. The market expects a subsequent equilibrium around the index level of $17.45/kg. Spodumene transaction prices fell from $1,938/tonne to $1,813/tonne before stabilising at $1,866/tonne, with overall trading active. However, recent increases in arrivals have shifted the price balance in favour of buyers.

Cobalt intermediates, electrolytic cobalt, cobalt powder and cobalt sulphate all posted sharp corrections. With no sudden news catalyst last week, the decline was mainly driven by persistently weak spot trading dragging indices lower and by softer futures. Specifically, electrolytic cobalt fell back to around RMB 280,000/tonne, cobalt sulphate was quoted at RMB 62,500/tonne, cobalt powder broke below RMB 400,000/tonne, and cobalt intermediates CIF fell to $18.5/lb, with cost support weakening in tandem. On the demand side, ternary battery demand weakened, September production schedules declined MoM, and consumer batteries showed no clear peak-season characteristics. Downstream players focused on just-in-time procurement and inventory digestion, leaving overall near-term cobalt demand limited and fundamentals lacking support. On the supply side, DRC actual exports by the end of June accounted for only two-thirds of the approved quota, with quota execution falling short of expectations. A sudden concentration of shipments in Q4 would significantly increase supply and create additional pressure on prices.

The LH/LC spread strategy identified -$0.25/kg last week as a short entry opportunity. Market volatility is currently low, with the exit target set at -$1/kg. GFEX again saw an elevated 7% basis ratio last week. For a short-basis trade, the exit target is 2%. For a long-basis entry, wait for the ratio to approach zero.

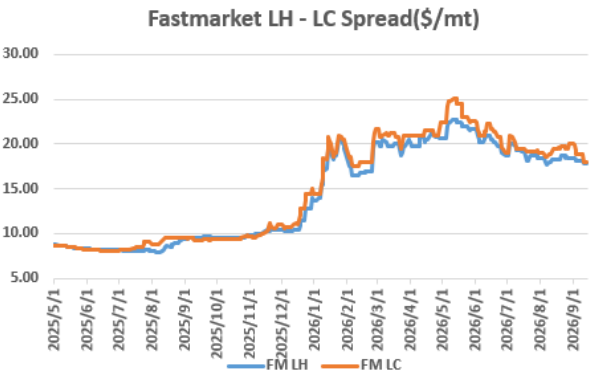
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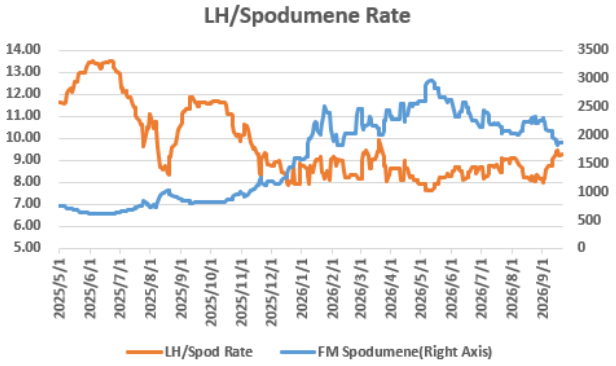


- In the short run, in our view, lithium salt is **Neutral to Bullish**. In the long run, lithium salt is **Neutral**.
- In the short run, in our view, spodumene is **Neutral**. In the long run, spodumene is **Neutral**.
- In the short run, in our view, the volatility is **Neutral to Bullish**.

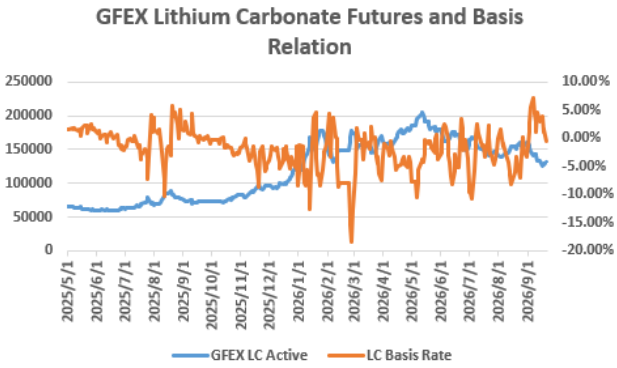
Source: Bloomberg, Fastmarkets, FIS



- The LH/LC spread strategy identified -$0.25/kg last week as a short entry opportunity. Market volatility is currently low; the exit target is set at -$1/kg.



- The salt-to-spodumene ratio rebounded rapidly and may continue to widen amid limited marginal demand for spodumene.



- GFEX again saw an elevated 7% basis ratio last week. For a short-basis trade, the exit target is 2%. For a long-basis entry, wait for the ratio to approach zero.

Source: Bloomberg, Fastmarkets, FIS

Market News List:

- In a morning filing on 18 September, EVE Energy announced that its subsidiary EVE Power signed a supply agreement with Fluence Energy Global Production Operation, LLC to deepen cooperation on the production and delivery of 206 GWh of batteries. The two parties agreed on a committed delivery volume of 16 GWh for 2027, with reserved capacity totalling 190 GWh for 2028–2031.

- SK On signed a supply contract with domestic cathode maker L&F to purchase LFP cathode materials worth KRW 160bn in total over 2026–2028.

- The Democratic Republic of the Congo approved the establishment of a DRC/US working group to accelerate implementation of bilateral strategic cooperation on critical minerals.

- The Ministry of Ecology and Environment held its September regular press conference. Zhong Bin, Director of the Department of Solid Waste and Chemicals, said that for the "new three" solid waste streams — retired PV modules, wind power equipment and power batteries — the Ministry, together with relevant departments, continues to improve the related environmental regulatory system.

- Shanxi Province will make sedimentary clay-type lithium resources a new exploration direction during the 15th Five-Year Plan period, planning five specialised lithium survey projects, conducting in-depth research on regional metallogenic mechanisms and ore body occurrence patterns, and building an industrial standards system to strengthen the supply security of strategic minerals.

- On 20 September, the RMB 5.5bn Lanjing New Energy cylindrical battery project was signed in Wuxi, Jiangsu.

- Data released by the Ministry of Industry and Information Technology on 15 September show that in H1 2026, China's lithium-ion battery industry continued its growth trend. According to relevant estimates, national lithium battery output exceeded 1,240 GWh in H1, up 44% YoY.

- GFEX adjusted trading instructions for lithium carbonate futures contracts, reducing the minimum opening order quantity from five lots to two lots and lowering trading fees.

- Hunan Yuneng's 400,000-tonne LFP project was launched in Weng'an, Guizhou.

- Sichuan Fulin New Materials' 350,000-tonne-per-year LFP project was commissioned.

- According to the Ya'an Economic and Technological Development Zone, CATL (Ya'an) New Materials Technology Co., Ltd.'s Ya'an lithium salt production base project has completed its first public disclosure of environmental impact assessment information. Upon completion, it will produce approximately 40,000 tonnes of lithium carbonate and 30,000 tonnes of lithium dihydrogen phosphate annually.

- From January to August, China's cumulative power battery installations reached 489 GWh, up 17.0% YoY.

- Zhongbi New Energy disclosed a long-term capacity plan for 12 GWh per year of sodium-ion batteries, with the production line adopting a lithium-cell co-line design.

Source: Bloomberg, Fastmarkets, FIS

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