FIS

BATTERY METALS WEEKLY REPORT

29 Sep 2026

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Lithium Salt and Spodumene Market:

- **FastMarket Lithium Hydroxide/Lithium Carbonate:** Our view is short-run **Neutral to Bullish**. The lithium salt spot market remains tight, with the supply chain continuing to destock and energy storage orders showing strong resilience, leaving physical fundamentals relatively firm. The futures curve, however, is being driven by capital flows and expectations of looser forward supply, compounded by rising risk aversion ahead of the China National Day holiday, pushing lithium carbonate futures and spot prices lower in tandem. After the holiday, as risk-aversion factors fade, the market may see a corrective rebound from the oversold decline.

- **FastMarket Spodumene:** Our view is short-run **Neutral**. Global spodumene arrivals have surged, with Zimbabwean concentrate inflows rising and traders' lithium ore inventories building.

Price Movement:

	28 Sep	21 Sep	Changes %	FIS Sentiment
FastMarket Lithium Hydroxide Monohydrate CIF China, Japan & Korea ($/kg)	16.5	17.45	-5.44%	Neutral to Bullish
FastMarket Lithium Carbonate Spot CIF China, Japan & Korea ($/kg)	16.85	17.6	-4.26%	Neutral to Bullish
Bloomberg Lithium Carbonate Spot China (yuan/ton)	131500	130500	+0.77%	Neutral to Bullish
FastMarket Cobalt 30% ($/lbs)	15.5	16.71	-7.24%	Neutral
FastMarket Spodumene min 6% Asia ($/ton)	1735	1880	-7.71%	Neutral

Commentary:

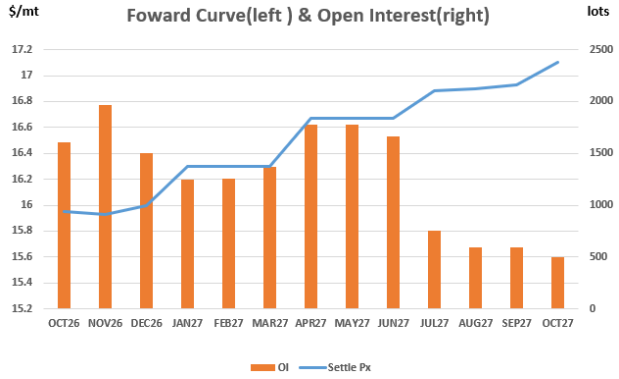
Lithium carbonate futures and spot prices declined notably this week, with the move primarily driven by concentrated capital flows rather than any substantive change in fundamentals, presenting an overall "strong physical, weak expectations" profile.

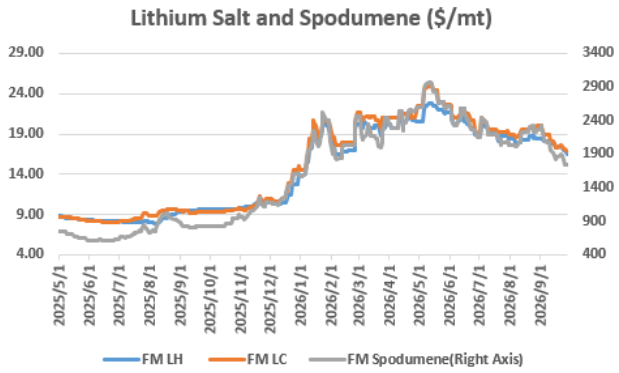
The basis widened from -RMB500/tonne to as much as RMB11,000/tonne; futures/spot arbitrageurs may re-enter by buying futures and selling spot to drive the basis back towards convergence. GFEX warrants fell sharply from 49,797 tonnes in early September to **33,436 tonnes** this week. On valuation, the cost of lithium production from purchased spodumene is concentrated around RMB120,000–125,000/tonne, and current prices have essentially broken below that processing cost line. From both arbitrage and valuation perspectives, naked shorting futures is no longer attractive.

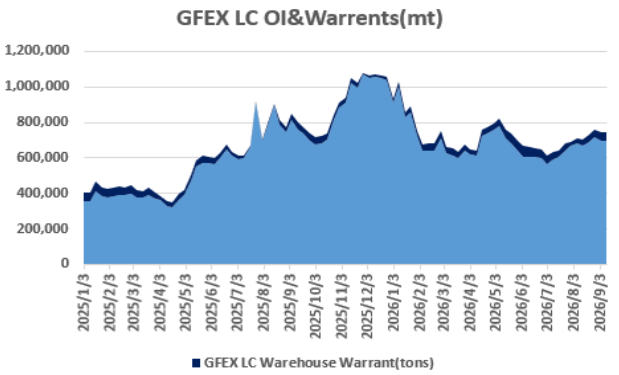
Smelting from purchased feedstock is loss-making, with costs exceeding prices; apart from integrated miners that remain profitable, non-integrated lithium salt plants show markedly weak operating appetite. China's lithium carbonate output has ended a four-week streak of gains and begun to decline, while inventory destocking remains rapid. October lithium carbonate output is estimated to rise 10% MoM, below prior expectations. Rising imports are gradually loosening mine-side supply, lithium ore processing fees have rebounded, and port lithium ore inventories are rising, with traders maintaining low inventory levels after holiday restocking concludes.

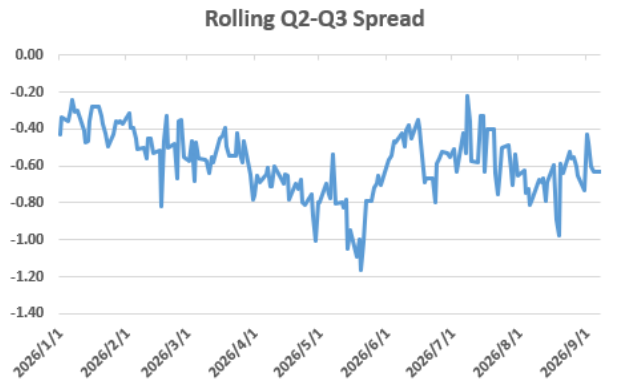
The CIF lithium salt market saw active trading last week. In lithium hydroxide, bids rose from $15/kg to $16/kg, with clear pre-holiday restocking demand; offers held firm at $16–16.2/kg. While prices remain low, spot single-order activity has picked up over the past two weeks. In lithium carbonate, bids were at $16.2/kg, with offers edging down from $16.2/kg to $15.8/kg; trades as high as $20–21/kg re-emerged this week. Spodumene continued its weak decline, with indicative transaction prices falling from $1,940/tonne to $1,720/tonne amid expectations of ample arrivals and elevated port inventories. Once restocking ends, spot single-order demand may fade again this week, with bargaining power likely shifting back from sellers to buyers.

Source: Bloomberg, Fastmarkets, FIS









The entire cobalt complex continued to decline this week. Consumer battery production schedules fell MoM in September and EV output declined, together dragging ternary battery demand lower and leaving overall cobalt demand limited. On the supply side, actual DRC export quotas came in below expectations, and some market participants expect more quotas to be released in a concentrated manner in Q4, which would further increase supply-side pressure.

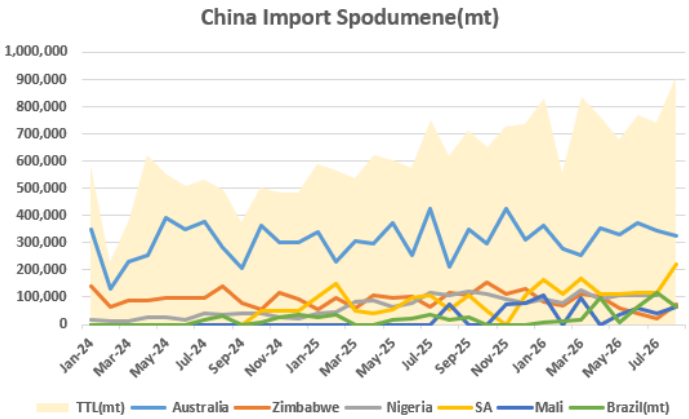
The LFP industry remains strong. September output is expected to stay above 610,000 tonnes, up about 6% MoM, with leading producers maintaining full order books and capacity ramp-up continuing. Mainstream iron phosphate prices rose, with supply tightness intensifying further. Multiple LFP and iron phosphate projects involving Hunan Yuneng and locations including Weng'an, Ya'an, Bijie and Xuzhou are accelerating their launch, with capacity expansion clearly speeding up.

Ternary materials remain weak. China's power battery production schedules show a stepwise decline from August to November, with the domestic market in a destocking phase. Exports remain strong, supported mainly by demand from India, Vietnam, Japan and South Korea. On feedstock, nickel sulphate, cobalt sulphate and lithium hydroxide prices fell, with falling costs and weak demand reinforcing each other. Domestic power market peak-season performance fell short of expectations, with ternary materials mainly supported by export orders. As the holidays approach, downstream restocking has ended and procurement remains cautious.

The consumer electronics-related LCO chain shows little sign of peak-season strength, and the cobalt price correction has weakened cost support, leaving overall demand lacking clear drivers.

Lithium hexafluorophosphate prices rose against the trend, confirming resilient end-use demand. Operating rates edged up, market supply/demand remains in tight balance, inventories are at low levels, and near-term fundamentals are relatively healthy.

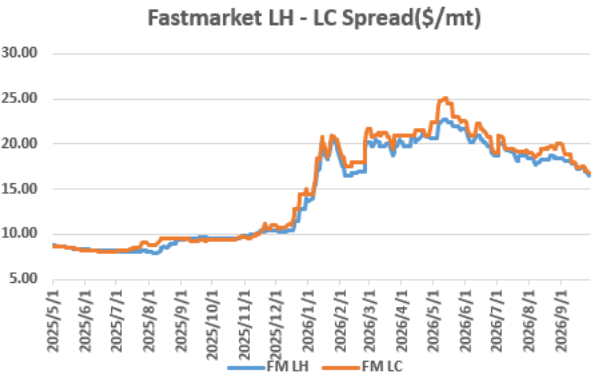
Source: Bloomberg, Fastmarkets, FIS



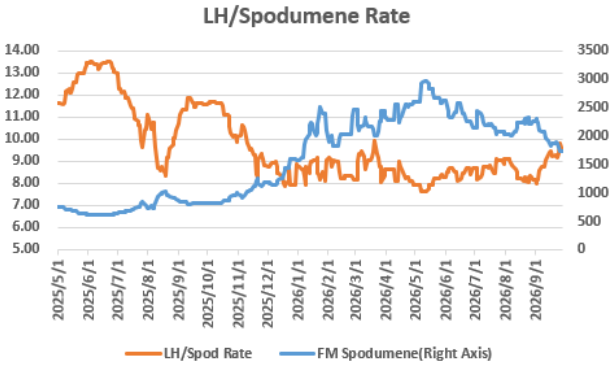


- In the short run, in our view, lithium salt is **Neutral to Bullish**. In the long run, lithium salt is **Neutral**.
- In the short run, in our view, spodumene is **Neutral**. In the long run, spodumene is **Neutral**.
- In the short run, in our view, the volatility is **Neutral to Bullish**.

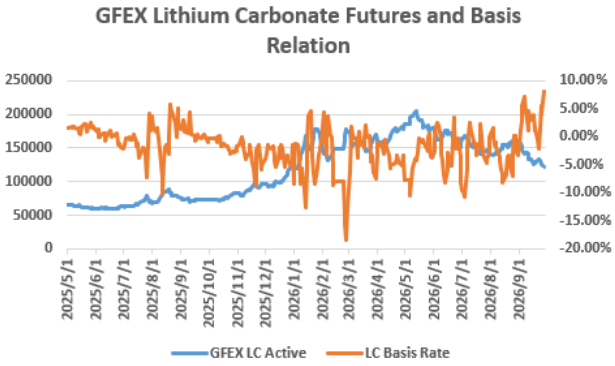
Source: Bloomberg, Fastmarkets, FIS



- The LH/LC spread strategy flagged -$0.25/kg in mid-September as a bearish opportunity. Market volatility is currently low; await an exit opportunity as the spread declines to -$1/kg.



- The salt-to-spodumene ratio has rebounded sharply, driven by loose spodumene supply alongside firm near-term spot demand for lithium salts.



- GFEX again saw an ultra-high 8% basis rate last week. If selling the basis, one can exit at a 2% basis rate.

Source: Bloomberg, Fastmarkets, FIS

Market News List:

- On 28 September, seven government departments—including the Ministry of Industry and Information Technology, the National Development and Reform Commission, the Ministry of Transport, the Ministry of Commerce, the State Administration for Market Regulation, the National Energy Administration and the National Railway Administration—jointly issued the 15th Five-Year Plan for the Development of the New Battery Industry. The plan calls for enriching the supply of high-end battery products. Facing diversified application scenarios, it aims to accelerate the high-end, diversified and integrated development of new battery products and improve product safety and reliability. It also seeks to build a new battery product supply system led by lithium batteries, with coordinated development of sodium batteries, flow batteries and other technologies. The plan calls for enhancing sodium battery power and energy density, developing high-conversion-efficiency flow batteries, and driving the iteration of hybrid supercapacitors and other products.

- Last week, prices of LFP products with different compaction densities all edged slightly lower, while iron phosphate and processing fees continued to rise steadily and lithium carbonate prices continued to fall.

- LFP production schedules remained stable in September, with October schedules still likely to rise MoM. Multiple LFP and iron phosphate projects involving Hunan Yuneng and locations including Weng'an, Ya'an, Bijie and Xuzhou are accelerating their launch.

- Dazhong Mining announced that the periphery of the first mining area at the Jada lithium mine added registered Li_2O mineral resources of 423,800 tonnes, with an average grade of 1.26%, equivalent to approximately 1.0468mn tonnes of LCE. Combined with previously registered lithium oxide resources, the Jada lithium mine's cumulative lithium oxide resources have exceeded 1mn tonnes.

- All-solid-state batteries are viewed as a core direction of lithium battery industry transformation, with 2027–2028 expected to usher in a small-scale introduction window for all-solid-state battery passenger vehicles. In addition to automobiles, humanoid robots and low-altitude aircraft are becoming important testing grounds for solid-state batteries.

- GCL Group is expanding into power batteries and energy storage materials. GCL subsidiary Xuzhou Xinrui Lithium Battery's 400,000-tonne LFP project has officially started construction in the Xuzhou Economic and Technological Development Zone.

- Galan Lithium announced progress on the production ramp-up at its Phase 1 lithium chloride project at Hombre Muerto West (HMW) in Catamarca, Argentina. The company expects to achieve its target processing rate of 4,000 t/y in H1 2027. Meanwhile, earthworks have commenced for the expansion of Phase 1 HMW to 5,200 t/y, with the expansion expected to be completed in H2 2027.

- The United Nations has selected six countries in Africa and Asia for support, helping them capture more value from critical minerals essential to the global energy transition. UN Secretary-General António Guterres announced on Wednesday that the programme will initially benefit Indonesia, Zambia, Guinea, Zimbabwe, Madagascar and Nigeria.

Source: Bloomberg, Fastmarkets, FIS

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