FIS

BATTERY METALS WEEKLY REPORT

20 Oct 2026

info@freightinvestor.com | freightinvestorservices.com | fis-live.com
London (+44) 20 7090 1120 | Dubai (+971) 4 4493900 | Singapore (+65) 6535 5189 | Shanghai (+86) 21 6335 4002

Lithium Salt and Spodumene Market:

- **FastMarket Lithium Hydroxide/Lithium Carbonate:** Our view is short-run **Neutral to Bullish**. Spot and futures prices were hit by sentiment-driven selling, accelerating their decline to new lows. Although prices have fallen below the cost line for purchased-feedstock smelters and inventories continue to destock, expectations of a forward surplus continue to dominate the market. Near-term prices are expected to remain weak and range-bound as the market bottoms out. With prices having reached the core processing cost line, an oversold rebound is awaited.
- **FastMarket Spodumene:** Our view is short-run **Neutral**. Expectations of Australian mine restarts and concentrated African ore arrivals have strengthened, while panic selling by holders has accelerated the price decline. Near-term sentiment remains weak, but underlying demand is supporting current prices.

Price Movement:

	19 Oct	12 Oct	Changes %	FIS Sentiment
FastMarket Lithium Hydroxide Monohydrate CIF China, Japan & Korea ($/kg)	14.5	16	-9.38%	Neutral to Bullish
FastMarket Lithium Carbonate Spot CIF China, Japan & Korea ($/kg)	13.75	16.1	-14.6%	Neutral to Bullish
Bloomberg Lithium Carbonate Spot China (yuan/ton)	105500	119500	-11.72%	Neutral to Bullish
FastMarket Cobalt 30% ($/lbs)	14.63	15.25	-4.07%	Neutral
FastMarket Spodumene min 6% Asia ($/ton)	1363	1562	-12.74%	Neutral

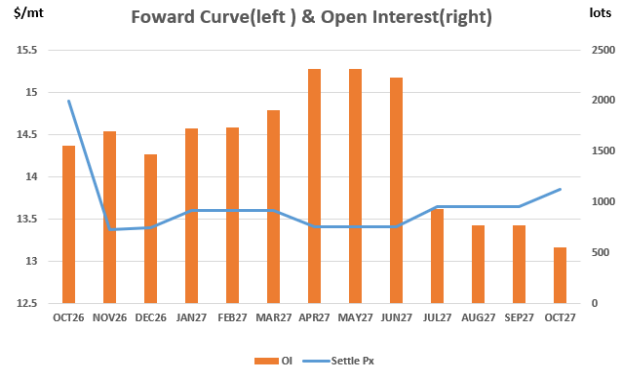
Commentary:

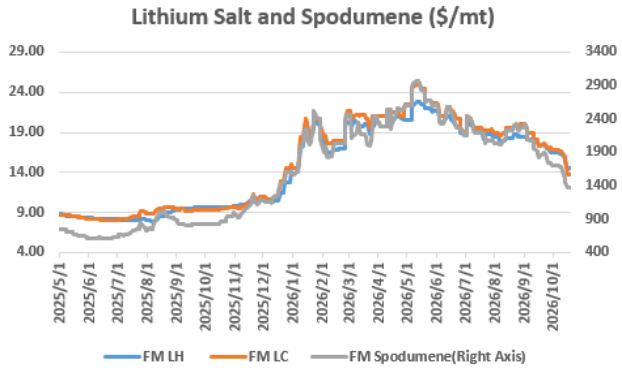
The futures and spot markets diverged, reflecting relatively resilient spot fundamentals but weak expectations. A concentration of forward supply-growth signals and further indications that peak-season end-demand has failed to materialise drove an accelerated slump in lithium carbonate spot and futures prices. The most-active GFEX contract broke through two key thresholds of RMB110,000 and RMB100,000, falling nearly 17% in a single week, while spot prices approached the RMB100,000/tonne mark, down nearly 50% from the May high. The market has fully shifted towards pricing in expectations of a moderate global lithium surplus in 2027.

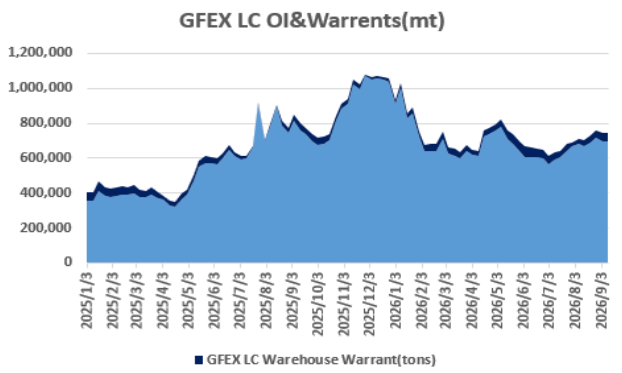
Since September, a higher-rate environment, combined with the short-term withdrawal of AI investment capital and safe-haven flows into Treasuries, delivered the first wave of pressure on the non-ferrous metals complex. A recession narrative driven by a stronger dollar and higher oil prices then brought a second wave of pressure on the commodity market. Against these successive macro headwinds, highly liquid commodities, including lithium carbonate, saw sizeable corrections.

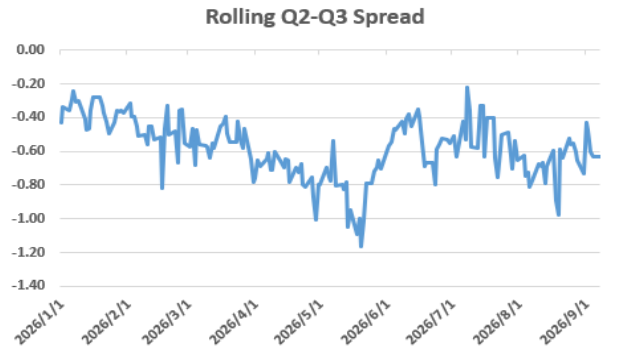
On the supply side, the resumption of the environmental assessment process for the Jianxiawo lithium mine in Yichun, restarts at the Australian Bald Hill and Finniss mines, and the resumption of Zimbabwean shipments jointly reinforced expectations of looser forward supply. Although the pace of overseas mine restarts and African ore arrivals remains uncertain, the market has already largely priced in additional supply expected in Q4 and next year. On the demand side, peak-season expectations have failed, with procurement falling to a near standstill. China's September new-energy passenger vehicle retail sales turned sharply negative year-on-year, disappointing peak-season expectations, while downstream material plants' purchasing appetite fell to a near standstill, with only minimal need-based demand remaining. The gap between buyers' and sellers' price expectations is unprecedented, upstream willingness to hold prices has collapsed, and panic selling has spread. Although inventories continued to destock, the pace of destocking has slowed notably. GFEX warrants fell rapidly to 23,552 tonnes, down 48% from the September high of 49,797 tonnes, suggesting some recovery in spot demand and turnover.

Source: Bloomberg, Fastmarkets, FIS





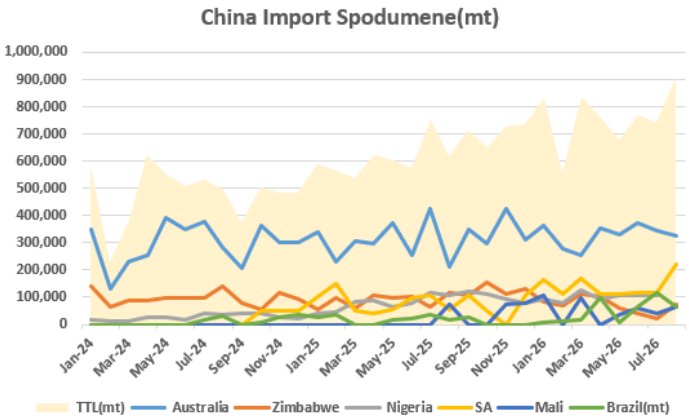




As lithium salt prices continued to plunge, downstream material plants maintained only minimal need-based procurement. The gap between buyers' and sellers' price expectations is unprecedented, upstream willingness to hold prices has collapsed, and panic selling has spread. The basis rate strengthened at one point to the 8.5–9% range, our strategy's sell-basis zone. Such a high basis cannot offer a near-risk-free arbitrage opportunity indefinitely. The basis has now fallen to 5.8%, and around 3% may become the exit zone for the sell-basis strategy. In practice, after spot prices caught up with the decline, a relatively liquid window emerged to buy spot. No particularly clear bearish basis opportunity emerged in lithium hydroxide over the same period. CIF lithium salt prices fell on virtually no trading volume last week. CIF lithium hydroxide still saw trades at $21.35/kg early last week, but by early this week offers had fallen to $12.5/kg. CIF lithium carbonate was similar, with transaction prices falling from $19/kg to $12.5/kg last week. Possibly because a round of restocking occurred before the National Day holiday, the spot single-order market did not see significant bargain-hunting capital after last week's sharp lithium salt price decline. Spodumene spot prices declined relatively modestly, with transaction prices falling from $1,504/tonne to $1,382/tonne, while subsequent indicative prices point to levels above $1,400/tonne. We expect spodumene to stabilise within the month on need-based demand support. The next round of lithium salt procurement may again provide a floor.

The front-month contract structure for CME lithium hydroxide is relatively disordered, with stable contango only from May next year onwards. GFEX front contracts, by contrast, show pronounced backwardation, with contango from the May contract onwards. CME lithium hydroxide total open interest has quietly reached its highest level since January. GFEX volume surged 255% last week. The market structure may suggest that the recent sell-off has reached a bottoming zone. We believe a modest rebound can be expected, while trading opportunities arising from rising volatility are gradually becoming more certain. Lithium prices have now fallen below the cash cost line for most purchased-ore smelting capacity. Near-term prices are expected to remain weak and range-bound, and the risk-reward of chasing shorts has deteriorated.

Source: Bloomberg, Fastmarkets, FIS



The cobalt market has similarly come under dual pressure from supply diversification and LFP substitution, with its cost-support framework collapsing and prices declining amid some resistance. Concentrated DRC arrivals, continued growth in Indonesian MHP volumes and a rising share of recycled cobalt have diversified cobalt supply beyond African mines to include by-products of nickel hydrometallurgy. As long as Indonesian nickel smelting operates at high utilisation, marginal cobalt supply remains rigid. LFP's rising share continues to squeeze ternary materials, while high-nickel adoption has fallen short of expectations, directly weakening underlying demand for cobalt tetroxide. Battery makers are purchasing on an as-needed basis, with no broad-based restocking. Falling prices have prompted midstream and downstream destocking, which in turn confirms weak demand, while lower feedstock costs have pulled cathode quotes lower, forming a "price decline–destocking–cost decline" loop. Combined with a strong-dollar macro overhang, smaller-volume metals are prone to losing valuation support.

LFP prices have fallen at an accelerating pace alongside the collapse in costs, with the market dominated by long-term contract deliveries and sparse spot single-order trading. Iron phosphate producers are keen to raise prices, but material plants' acceptance is limited amid the lithium price slump. Material plants are now more focused on next year's market, while leading producers have substantial planned capacity expansions, intensifying competition. Industrial projects are advancing in clusters: Yuneng's Weng'an subsidiary plans to build a 550,000 t/y battery-grade iron phosphate project; Easpring's Kunming Phase I 150,000 t/y LFP project has broken ground; and Guizhou Phosphate Group's Guiyang Kaiyang phosphorus-titanium-iron-lithium coupled circular integrated project includes 600,000 t/y of LFP.

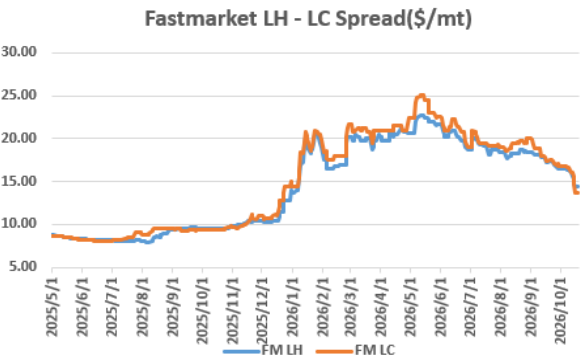
Ternary prices continued to decline. Weighed down by the sharp drop in lithium carbonate prices, the market remains firmly in a wait-and-see mode, with material plants purchasing on an as-needed basis. October output recovered slightly MoM, but shipments were subdued.

Expectations of a peak auto sales season in China have been conclusively disproved, with total sales growth almost entirely driven by exports. In September, new-energy vehicle exports reached 571,000 units (+157.2% YoY). Inventory build-up and demand brought forward are evident, alongside rumours of production schedule cuts at leading battery makers.

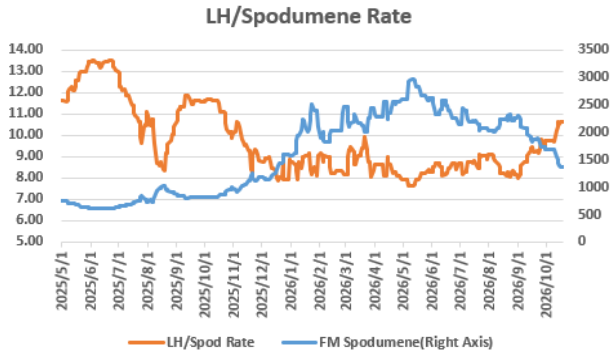
In the first three quarters, newly commissioned domestic new-type energy storage edged down 3% in power terms, while energy capacity grew 6%, showing a "low then high" pattern with a concentrated recovery in Q3. Average storage duration rose from 2.69 hours in H1 to 2.90 hours, exceeding 3.25 hours in September alone, with long-duration storage becoming the core growth engine. AI data-centre computing expansion has become the core driver of the second high-growth wave in US utility-scale storage, while Europe and Australia are driven by both residential and utility-scale storage.

- 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**.

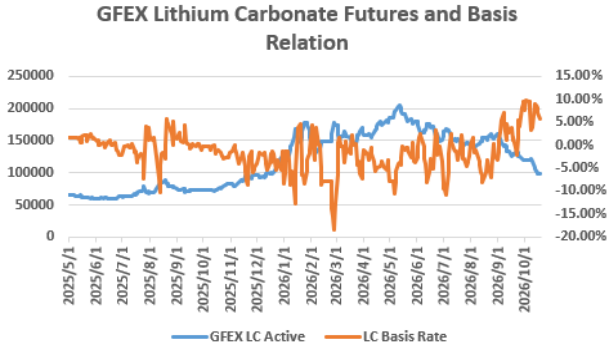
Source: Bloomberg, Fastmarkets, FIS



- The LH/LC spread has started to rise, but we need to wait for levels above $2/kg before a selling opportunity emerges.



- The salt-to-spodumene ratio has risen sharply. However, with ore prices stabilising recently, the ratio may have room to decline if lithium salts fail to stage a meaningful rebound.



- As noted in our previous report, the GFEX basis has fallen from the 8.5–9% sell-basis zone to 5.8% currently. It remains worth waiting for the 3% exit level.

Source: Bloomberg, Fastmarkets, FIS

Market News List:

- Ronbay Technology plans to build a new 64,000 t/y NCM ternary cathode plant in Chungju, South Korea; Easpring has started construction on its Kunming Phase I 150,000 t/y LFP project; Longpan Technology has broken ground on its global headquarters and new energy/new materials AI innovation centre in Nanjing and secured a large cathode materials order.
- Trafigura will offtake 66% of BlackGiant Phase I output and 30% of Lonestar Phase I output; the projects target commercial production in 2028–2029.
- China's auto market improved during the National Day holiday. MOFCOM data show that 68,000 vehicles were traded in nationwide under trade-in schemes from 1–6 October, driving new car sales of RMB10.92bn.
- CNNC, Three Gorges Group and others have announced preferred bidders or results for centralised procurement of LFP energy storage systems. Independent storage and grid-forming storage projects are advancing in batches across Xinjiang, Ningxia, Shandong, Henan and other regions. Overseas, multiple hundred-megawatt-scale storage projects in Europe, Southeast Asia and Australia have completed signing, financing or construction, with BYD, Gotion High-tech, CSI Solar and other companies continuing to secure overseas deliveries and orders. However, delays in grid transmission corridor construction are beginning to constrain grid connections for some projects, with China's storage sector shifting from a "project shortage" to a "grid connection/transmission corridor shortage".
- The EIA application is progressing through public acceptance disclosure, with the restart process continuing.
- Greenbushes has cut its full-year output, and Core's restart shipments are slower than expected. Near-term supply disruption risk has declined, while the medium-term risk of a Zimbabwe lithium ore export ban remains.
- EnergyX signed a 10-year offtake agreement with Trafigura for 100,000 tonnes of battery-grade lithium products, valued at over $2bn at current market prices, covering lithium carbonate from Chile's Black Giant project and lithium hydroxide from Texas's Lonestar project.
- MIIT and six other departments jointly issued the 15th Five-Year Plan for the New Battery Industry, proposing preliminary large-scale application of all-solid-state batteries by 2030, a cycle life of 15,000 cycles for long-life lithium batteries, and a supply system led by lithium batteries with coordinated development of sodium batteries and flow batteries.
- The National Energy Administration is soliciting comments on the Regulations on Grid-Connected Operation of Electric Power. New-type energy storage will be included as a grid-connected entity, and grid connection without an agreement will not be permitted.
- Jiangte Motor's Qiankeng lithium mine safety facility design has been approved, with capacity of about 15,000 t/y. CATL's Jianxiawo lithium mine EIA is proposed for acceptance. Australian mines Bald Hill and Finniss have restarted, and Zimbabwe lithium ore shipments have resumed, strengthening market expectations of looser forward supply.
- HiNa Battery's 10GWh project was signed in Jiangxia, Wuhan, with Phase I at 3GWh, planned to start in early 2027 and be commissioned within the year. Guanghao Energy's RMB12bn project was signed in Lankao, Henan, planning 20GWh of graphene-composite sodium-ion energy storage systems plus 15GWh of containerised energy storage systems. Zhaona New Energy and Xingguang New Energy reached a three-year procurement cooperation agreement worth about RMB300mn and will jointly build a sodium battery research institute.

Source: Bloomberg, Fastmarkets, FIS

Written by **Hao Pei**,
FIS Senior Research Analyst
haop@freightinvestor.com

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