

# METALS DAILY

REPRINT: Volume 7 / Issue 192 / September 28, 2018

## BATTERY METALS

### Lithium market downtrend resumes, with further downside seen

*Singapore*—Battery-grade lithium carbonate and hydroxide prices edged down further in China this week, while seaborne lithium carbonate drifted sideways. Market participants agree that pressure on prices remains and further decreases are likely, especially for carbonate.

The S&P Global Platts' lithium carbonate CIF North Asia assessment held at \$14,500/mt this week. The mark reflects seaborne negotiations of battery grade material delivered in the main ports of China, Japan and South Korea.

The \$14,500/mt CIF price was equivalent to Yuan 118,022/mt DDP China (including 16% value-added tax), or Yuan 101,743/mt including port handling fees but without VAT based on Platts import-parity formula. The yuan was assessed by Platts at 6.8792 to the dollar at 4:30 pm Singapore time Friday.

Chinese domestic prices remain significantly lower than this.

A Chinese buyer reported a trade done at

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### Weekly Prices

		Change	Date Assessed
Lithium Carbonate CIF North Asia (\$/mt)	14500	0	28-Sep-18
Lithium Carbonate DDP China (Yuan/mt)	78000	-1000	28-Sep-18
Lithium Hydroxide CIF North Asia (\$/mt)	18300	-200	28-Sep-18
Lithium Hydroxide DDP China (Yuan/mt)	130000	-2500	28-Sep-18

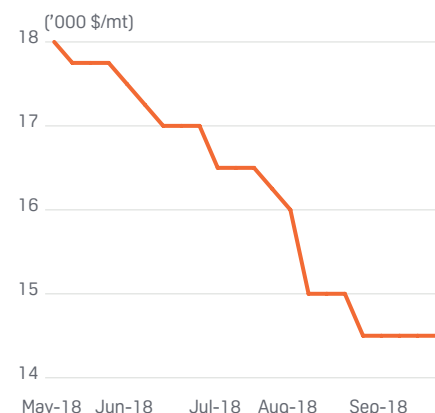
Yuan 78,000/mt Thursday for one truckload with a known producer. Another producer sold 400 mt in total over the week, with most of that settled at Yuan 78,000/mt. He would sell a full truckload at Yuan 76,000/mt minimum, delivered upon cash payment received. "I heard Yuan 75,000/mt in the market. Our customers favor more of that number," he added.

A third producer sold 50 mt at Yuan 80,000/mt to his regular customers.

Among 20 price points received by Platts, including trades, bids and offers, 80% fell within the range Yuan 78,000-80,000/mt from both the buy and sell side.

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### PLATTS LITHIUM CARBONATE CIF NORTH ASIA



Source: S&P Global Platts

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Volume 7 / Issue 192 / September 28, 2018

ISSN: 2325-0658

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“We felt that the market was reaching stabilization, reaching the bottom, since for some weeks it was not falling anymore, but this week we saw [Chinese domestic carbonate] prices going down again,” said a producer based in the Americas. However, he saw prices “breaking down the psychological barrier of Yuan 80,000/mt - but only for technical grade” as battery grade should be at some Yuan 95,000-100,000/mt, he said.

A Chinese seller put the cost to convert technical grade material into battery grade at about Yuan 5,000/mt.

Platts assessed the Chinese battery grade domestic lithium carbonate market inching down Yuan 1,000/mt to Yuan 78,000/mt on confirmed trade.

Despite one seller saying buyers were stockpiling a week’s production needs ahead of the China National Day holidays next week, the bearish sentiment endured inland, with some even believing prices could go below producers’ cost of production.

“I heard someone say the bottom of carbonate price could be Yuan 70,000 /mt but I think price could go to Yuan 68,000-70,000/mt for Tier 1 spodumene converted carbonate, [or as low as] Yuan 65,000/mt for carbonate converted from brine or lepidolite from Tier 2 and 3 sellers,” said the first Chinese buyer.

The outlook is similar for hydroxide

prices although the pressure is less since the Chinese hydroxide market is not expected to be as oversupplied in the short term as carbonate.

Both Platts assessments for lithium hydroxide shifted lower this week: CIF North Asia was down 1.08% to \$18,300/mt while the DDP China mark softened to Yuan 130,000/mt on lower indications.

Outside of China, spot CIF offers to Japan and South Korea were reported at \$18,000/mt and above, minimum one full container, produced in China, North America and South America.

Sources said prices could be higher for some premium cargoes. However, due to the short shelf life of hydroxide, most seaborne materials shipped in containers are coarse particles, which are further processed into fine powders at local cathode manufacturing plants.

Within China, offers for NCM811 feedstocks were reported at Yuan 135,000-138,000/mt. Tradeable levels were mostly at Yuan 130,000/mt for fine powders and Yuan 120,000/mt for coarse particles.

A major Chinese seller sees the domestic price assessment relating better to hydroxide fines, which usually trade around Yuan 8,000-10,000/mt higher than hydroxide coarse particles due to higher processing costs. However, both kinds trade as hydroxide generally, he said.

The Americas seller also pegged the Chinese domestic hydroxide price at Yuan 140,000/mt, but didn’t specify whether this referred to coarse or fines. He saw the seaborne market at \$18,000/mt CIF “or above,” but expects the current carbonate-hydroxide spread of around \$4,000/mt to narrow next year, with term contracts for both materials being negotiated at lower prices than this year’s.

Demand from expanding nickel-rich cathode production is expected to rally towards the end of 2018, with supply remaining relatively tight in the short term.

As for other battery metals, a Chinese seller sold a large volume of cobalt sulphate at Yuan 93,000/mt. He wouldn’t sell below Yuan 91,000/mt as the recent “cobalt metal price rebound” means cobalt sulphate prices “should edge up.”

“Cobalt sulphate prices are all over the place,” said a consumer source who heard prices as low as Yuan 85,000/mt for recycled material in August, while another supplier saw the current tradeable value at Yuan 88,000-92,000 /mt.

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