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BATTERY METALS

Seaborne lithium carbonate prices slide on lower import deals

Softer prices in deals involving Chinese imports drove seaborne lithium carbonate prices slightly lower this week, although it is still unclear whether international prices will pair with Chinese domestic prices any time soon.

S&P Global Platts assessed battery-grade lithium carbonate and lithium hydroxide at $9,900/mt and $11,700/mt, respectively, with both sliding $100 week on week. Both assessments are on a CIF North Asia basis, based on deliveries to the main ports of China, Japan and South Korea.

The drop in lithium carbonate prices comes after three weeks of stability.

An increasing number of Chinese industry participants have reported seaborne market activity at around Yuan 60,000/mt for lithium carbonate, which is equivalent to around $7,500/mt on a CIF basis, discounting the 13% VAT.

However, it is unclear if these levels all refer to negotiations on battery-grade product.

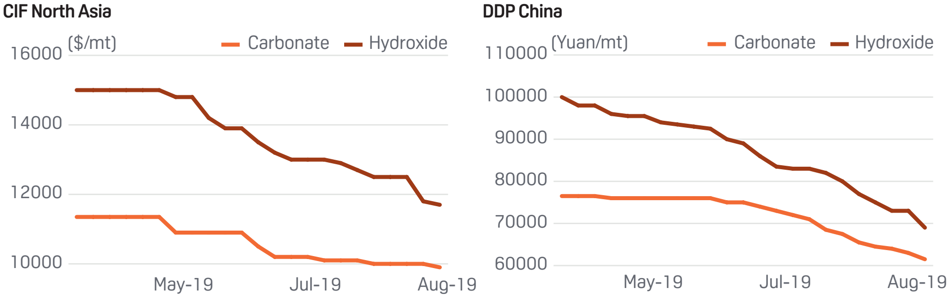
Usually, a significant portion of what is sold in the spot market by South American

(continued on page 2)

BATTERY METALS

		Change	Date Assessed
Weekly Prices			
Lithium Carbonate			
CIF North Asia ($/mt)	9900	-100	30-Aug-19
DDP China (Yuan/mt)	61500	-1500	30-Aug-19
CIF North Asia Import Parity (Yuan/mt)	79292	-454	30-Aug-19
Lithium Hydroxide			
CIF North Asia ($/mt)	11700	-100	30-Aug-19
DDP China (Yuan/mt)	69000	-4000	30-Aug-19
CIF North Asia Import Parity (Yuan/mt)	93709	-392	30-Aug-19
Cobalt Sulfate			
CIF North Asia ($/mt)	7400	+450	29-Aug-19
DDP China (Yuan/mt)	50500	+2500	29-Aug-19
Monthly Prices			
Lithium Spodumene			
FOB Australia ($/mt)	550	-30	30-Aug-19

PLATTS LITHIUM CARBONATE AND LITHIUM HYDROXIDE



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brine-based producers is either technical grade or off-specification material. The amount of battery-grade lithium varies depending on the producer.

One Chinese consumer source who purchased Argentinian-made lithium carbonate at this price confirmed it to be battery-grade, and said that other producers from South America were offering similar prices to Chinese consumers.

A Chinese seller said a producer based in the Americas "always sells below market rate in the Chinese market," benefiting from partnerships with tolling companies.

He agreed trades had taken place in the Chinese market at Yuan 60,000/mt CIF.

Meanwhile, in the Chinese domestic market, both hydroxide and carbonate prices dropped this week.

Lithium carbonate fell Yuan 1,500/mt week on week to be assessed at Yuan 61,500/mt DDP China, while hydroxide dropped Yuan 4,000/mt to be assessed at Yuan 69,000/mt DDP China.

As such, the Chinese domestic market remains well below the seaborne market on an import parity basis.

Platts' $9,900/mt CIF assessment for carbonate was equivalent to Yuan 79,292/mt, including 13% value-added tax, based on Platts' import-parity formula, while hydroxide's price of $11,700/mt was equivalent to Yuan 93,709/mt on the same basis. The dollar was assessed at Yuan 7.0879 at 4:30 pm Singapore time Friday.

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Chinese domestic lithium carbonate drops for 11th straight week

Chinese domestic lithium prices continued to fall this week on persistent oversupply and tepid demand, which has forced producers to lower their prices.

S&P Global Platts assessed battery-grade lithium carbonate at Yuan 61,500/mt Friday, down Yuan 1,500/mt week on week, and lithium hydroxide at Yuan 69,000/mt, down Yuan 4,000/mt week on week. Both assessments are on a delivered, duty-paid China basis.

The domestic lithium carbonate price has dropped for 11 weeks straight, with most market participants skeptical about an uptick in demand in the short run.

In addition to the sluggish outlook for electric vehicles following the enforcement of cuts in Chinese subsidies in July, some sources expect the recent trend towards nickel-free cathodes to also impact the demand for battery-grade products.

"The recent hype over [lithium iron phosphate (LFP) cathodes] is weighing on the spodumene-converted, battery-grade lithium carbonate market, as BYD claims it will boost LFP batteries, which cost much less through the use of industrial-grade carbonate," said a Chinese seller source who was offering battery-grade carbonate at Yuan 62,000/mt net-cash, or Yuan 63,000/mt with credit terms.

"Upstream (miners) and downstream (automakers) are both stagnant, leaving us nowhere in the market," he added, saying he had heard of industrial-grade carbonate trading as low as Yuan 47,000/mt.

Another Chinese producer source said that with tradable levels of battery-grade lithium carbonate at Yuan 61,000-Yuan 62,000/mt, there was no profit margin, as production costs for spodumene converters were high.

This, along with maintenance, had led to his company cutting production.

A Chinese consumer source who currently has nickel manganese cobalt (NMC) cathodes representing less than a third of his production paid Yuan 61,500/mt for battery-grade lithium carbonate, although he had heard of prices as low as Yuan 60,000/mt.

He agreed with the seller that "LFP/[lithium manganese oxide] cathode demand rose, as automakers are trying to cut costs," he said. Since industrial-grade carbonate can be used in these kinds of cathodes, "it is trading more actively and increasing pressure on battery-grade carbonate."

"It's hard to sell [battery-grade carbonate] this week," said another Chinese seller, who added that "all suppliers have inventories to be cleared." He offered at Yuan 62,000/mt, but received an indicative counterbid at Yuan 60,000/mt.

His company was also targeting the sale of industrial-grade carbonate at Yuan 54,000-Yuan 55,000/mt, "but this price is not competitive at all," he said, pegging the tradable value for industrial-grade material at Yuan 50,000-Yuan 52,000/mt.

On the other hand, some sources were more optimistic, saying there was limited room for a further drop, as it was almost unprofitable for spodumene converters.

One Chinese consumer forecast the bottom of the trough for battery-grade lithium carbonate would be around Yuan 50,000/mt.

He saw the current tradable level for battery-grade lithium carbonate from large producers at Yuan 60,000/mt, with offers at Yuan 63,000/mt.

"It's not impossible to make deals at this price level now," he said, adding that while prices could continue to fall, there was also a chance of some recovery in demand and prices in the coming two months, as he had received more orders than previously.

Lithium hydroxide resumes falls

The domestic lithium hydroxide market resumed its downtrend this week, as Chinese converters cut their prices again in response to weak demand.

Sources expect prices to continue to drop at a slow pace, with the gap between battery-grade lithium carbonate and hydroxide narrowing, with production costs of the two also almost at parity.

A Chinese producer source said his company did not make any sales, with demand for NCM811 batteries slow.

He put the price of coarse sand hydroxide at Yuan 68,000-Yuan 69,000/mt.

A second producer source put the tradable level of battery-grade coarse sand hydroxide at Yuan 64,000-Yuan 65,000/mt and industrial grade at Yuan 63,000/mt.

"Demand is so bad. There is no other choice, if you don't sell at lower prices, buyers could buy from other producers," he said.

Another producer added that an excess of supply was also still present, which could mean further price weakness.

"The financial cost is too high. Upstream producers are facing high capital pressure," he said.

Producers put the tradable value of fine powder at Yuan 72,000-Yuan 73,000/mt, although a consumer source said he had bought it at Yuan 68,000-Yuan 69,000/mt in cash.

One producer said he could not sell fine powder below Yuan 70,000/mt, due to its quality, but Yuan 68,000-Yuan 69,000/mt might be tradable for others.

"Converters will suffer losses if the prices continue to drop," he added.

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Cobalt sulfate prices climb higher; uptrend momentum remains

Cobalt sulphate prices recovered over 4% this week, marking the fifth consecutive week of a rise seen in China.

S&P Global Platts assessed Chinese 20.5% Co cobalt sulfate at Yuan 50,000/mt delivered and duty-paid Thursday, up Yuan 2,000/mt or 4.2% from on August 22.

A very wide range was seen from Yuan 48,000/mt to Yuan 55,000/mt.

Though one producer offered Yuan 55,000/mt last week and again this week and sold 700-800 mt September cargoes in total at Yuan 1,000-2,000/mt below his offers, other producers commented the offer was diverted from real market values. Other producers offered Yuan 51,000-53,000/mt, delivered, duty-paid basis — some for the battery industry and some for the chemical industry.

On the buy side, one major Chinese NCM (nickel cobalt manganese) precursor and cathode maker reported buying several truckloads of September cargoes at Yuan 48,000/mt. Though the buyer said he had a good deal, he indeed agreed the uptrend momentum remains in the market.

"Theoretically we think downstream customers are ready to accept Yuan 50,000/mt, and it is very rare if [there are] any tonnages traded below that number," said an East China-based producer.

Sources said fundamentals did not change much. Producers were typically not keeping inventories at their plant, given the price collapse a couple of months ago. But consumers cut their NCM precursor and cathode run rates as downstream consumers turn their focus back to LFP (lithium iron phosphate) and LMO (lithium manganese dioxide) types of lithium-ion batteries, resulting in lower production costs.

The above mentioned East China-based consumer reported a run rate of only one third of planned capacity.

As for Chinese exports, indications were at $7,000-$8,000/mt CIF North Asia range.

"Our export volume shrank as buyers' appetite died down on rising prices," a South Central Chinese producer said, adding that he offered over $7,000/mt and close to $8,000/mt, but received no feedback from customers across the East China Sea. "We need to wait and see," he added.

Despite a Western producer saying offers were higher than $9,000/mt and buyers' guidance at between $8,000-$9,000/mt, the information was not taken into the assessment as volume, incoterms and payment terms were unclear.

The Platts seaborne 20.5% Co cobalt sulfate assessment climbed up 6.5% to $7,400/mt CIF North Asia, below the most competitive indicative offer reported at $7,500/mt equivalent on Thursday.

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Aug spodumene concentrate down 5.2% on month at $550/mt FOB Australia

S&P Global Platts assessed lithium spodumene concentrate, 6% lithium oxide content (SC6) at $550/mt FOB Australia in August, down 5.17% from July, reflecting the spot price of a minimum volume of 1,000 mt cargoes exported from Western Australian ports.

The assessment reflected the most competitive indicative offer for 7,000-10,000 dry mt at $590-$620/mt CIF China, or $555-$585/mt FOB Australia equivalent from an Australian miner, and the most competitive indicative bid at $580-$590/mt CIF China from a Chinese buyer.

Chinese buyers were bearish on oversupply surplus as well as falling lithium carbonate and hydroxide prices. The Platts Chinese domestic battery grade lithium carbonate and lithium hydroxide assessments dropped 8.9% and 13.8%, respectively, over July 26 to August 30.

The buyer, an integrated company involved in automotive battery manufacturing, battery recycling and upstream mining investment, pegged tradable value for spot shipment at $580/mt CIF China, and may possibly receive counter bids at $600/mt and above from miners.

A Shanghai-based trader indicatively offered 10,000 mt September or October shipment CIF China at $610-$620/mt with credit terms, or $600/mt cash against document. "No inquiries at all; lithium converters are talking about $550/mt CIF now, for their monthly price negotiations with suppliers as part of the long term contracts. The numbers are calculated based on a formula linked to lithium chemical prices," he said, seeing tradable value going below $600/mt soon.

"No one can accept that price [$600/mt CIF China]," a second Chinese trader said, adding that he heard some people are talking about $500-$550/mt FOB, and market talk of some seaborne cargoes already arrived at Chinese ports being sold at $500/mt CIF. "If cargoes are being resold, I believe there are always participants to sell lower to get the cash back," he added.

A Sichuan-based lithium converter said lithium carbonate and hydroxide don't show any signs of rebounding because of falling feedstock prices.

"Oversupply needs to be questioned as there is poor quality product that can't be used and DSO (direct shipping ore). We still see demand for quality product at fair prices," a Western Australia-based miner said, though he also heard $500-$520/mt but said: "These are not sustainable prices." The miner also traded $590-640/mt CIF for third-quarter contracts.

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Australia's Pilbara Minerals in downstream lithium JV with Posco

Australia's Pilbara Minerals on Tuesday has entered into a joint venture with South Korean steelmaker Posco for the development of a lithium hydroxide and carbonate chemical conversion facility in South Korea, while separately announcing it has trimmed its spodumene concentrate sales guidance for the current July-September quarter.

The binding terms sheet is for a 40,000 mt/year lithium carbonate equivalent downstream chemical processing facility. An existing spodumene concentrate offtake agreement from Pilbara Mineral's Australian Pilgangoora mine will be increased to 315,000 mt/year from 240,000 mt/year over the lesser of 20 years and the life of the mine, the company said.

Construction of the facility is expected to begin in the October-December quarter and commissioned for early July 2021.

The development is to run in tandem with the stage 2 of the 5 million mt/year expansion of Pilgangoora. "At this stage, the ramp-up schedule anticipates commencement of commissioning of the initial Pilgangoora Stage 2 expansion occurring during the December quarter 2020, with first concentrate to be delivered to the Posco JV thereafter," it said.

Pilbara Minerals' initial participation in the JV with Posco will be 21% with options to increase to 30%.

Meanwhile, the company has also reconfirmed sales guidance for Pilgangoora for the October-December quarter at 65,000-80,000 mt of spodumene concentrate, but has reduced the July-September quarter to 20,000-35,000 mt, down from 35,000 -48,000 mt.

"Current spodumene market conditions in China continue to be tempered by delays in the construction, commissioning and ramp-up of chemical conversion facilities that handle spodumene concentrate supply," it said.

"The situation is further complicated by the difficult lithium chemicals trading conditions that have arisen as a result in modifications to the Chinese government's subsidy regime for new energy applications," it said.

The cutback in expected sales came as Pilbara Minerals announced it has taken a stake in Pilgangoora off the market.

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Chile's lithium carbonate exports rise 10% in 2018

Chile, the world's second largest producer of lithium, exported 71,794 mt of lithium carbonate and 5,687 mt of lithium oxide and hydroxide in 2018, according to data compiled from United Nations' Comtrade trade statistics.

Exports of lithium carbonate rose 9.95% on the year, while lithium hydroxide and oxide exports dropped 8.3%.

However, both were 44.7% and 50.5% higher than in 2015, respectively, before battery metals gained prominence.

According to the data, Chile's largest customer for lithium oxide and hydroxide in 2018 was South Korea (4,117m mt), followed by China (370 mt) and the US (351 mt).

South Korea was also the largest buyer of Chile's exported lithium carbonate at 27,340 mt, followed by Japan with 15,260 mt.

It also imported 23.7 mt of lithium carbonate and 20 mt of lithium oxides and hydroxides.

According to the UN Comtrade data, the volume of lithium carbonate exported by Chile had a trade value of $99.9 million, 36.86% higher than in 2017, translating to a price of $13,236/mt.

Platts' weekly lithium carbonate price, launched in May last year, averaged $15,238.57/mt on a CIF North Asia basis in 2018 and have lost $2,700/mt so far this year to $10,000/mt.

The trade value of Chile's lithium oxide and hydroxide exports totaled $95.8 million, down from $99.5 million in 2017, resulting at a unit price of $16,841/mt.

Platts launched its weekly CIF North Asia lithium hydroxide assessment in September last year, with prices averaging $17,276.47/mt during the last four months of 2018. Lithium hydroxide prices have also dropped $4,200/mt so far this year to $11,800/mt CIF North Asia.

UN Comtrade also released data for the first quarter of 2019, in which Chile's lithium carbonate and lithium oxide and hydroxide exports climbed 8.7% and 95.2% on year respectively to 18,808 mt and 2,596 mt.

The lithium carbonate exported during the first three months of 2019 totaled $242.4 million, or $12,808/mt, up 10.9% on the year.

At the same time, Chile's lithium oxide and hydroxide exports for the quarter had a total trade value of $3.9 million, equating to $15,038/mt, up 80.3% from the first quarter of 2018.

South Korea remained the largest buyer of Chile's lithium carbonate and lithium oxide and hydroxide exports during the first quarter of this year, taking 8,880 mt and 1,960 mt in the first quarter, respectively.

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Philippines DMCI's H1 nickel ore shipments jump 41% on Berong restart

Philippines miner DMCI Mining reported a 41% yearly rise in nickel ore shipments to 681,000 wmt in the first half of 2019, after its Berong Nickel operation resumed mining this year, its parent DMCI Holdings said Tuesday in a filing with the Philippine Stock Exchange.

Berong Nickel was issued a suspension order by the Philippines government in June 2016 for environmental violations. As a result of the suspension, DMCI Mining only shipped 483,000 wmt in nickel ore in H1 2018, all sourced from its old inventories.

Mining resumed in 2019 after the operation passed a review by the Department of Environment and Natural Resources (DENR) last November.

Despite the increase in shipment volume, H1 2019 revenue was largely flat at Peso 985 million ($18.8 million) compared with Peso 978 million a year ago, as a result of lower-grade nickel ores sold.

The average nickel grade over the period dropped to 1.60% from 1.73%, while the average selling price fell 28% to Peso 1,446/wmt.

In April, DENR's Mines and Geosciences Bureau reviewed the remedial action taken by DMCI Mining's other suspended nickel asset, Zambales Diversified Metals, and confirmed that it met DENR's requirements, DMCI Mining's President Cesar Simbulan said.

"MGB has also recommended the lifting of the suspension. Hopefully, DENR will reach a decision before the end of this year," Simbulan added.

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Battery Metals weekly wrap

It was a slow week in the European battery world, with the summer season ebbing to a close, and traction likely building headed into the autumn.

One sticking point discussed with market participants this week was the fact that buying an electric car is still pretty prohibitively expensive. There's some great news if you're in the market, specifically for a Volkswagen Golf. VW has cut the UK price of its e-Golf to £31,075, which equates to £27,575 after the government's plug-in car grant.

Bargain. In its own words, VW is "building electric cars for millions, not millionaires."

One analyst said that on his recent summer holiday road trip he was heartened to see more charging points at services. Like many, he said it is clear the EV movement is coming, it is just not clear when. But with the price of raw materials on a down trend, more charging points coming to market and reduced vehicle costs, it could be sooner rather than later.

There were promising signs from Ireland this week. The country will help fund up to 1,000 new on-street public charging points for electric vehicles by 2024 in a bid to encourage people to switch away from petrol and diesel cars, the government said Monday.

The Irish government wants to see at least 936,000 electric vehicles on its roads by 2030 in order to cut its 2030 CO2 emissions from transport by 45% to 50% compared with business as usual projections, as set out in a climate action plan adopted in June.

There are currently more than 12,500 electric vehicles – plug-in hybrids and fully electric – on Irish roads, including 5,000 added this year, the government said.

There was also some cheer this week in the building trade, with JCB announcing it has entered full production of the industry's fully electric mini excavator.

"The machine is five times quieter than its diesel counterpart and can be fully charged in under two hours," a statement read. "The model is expected to be popular with companies working inside buildings and in emissions and noise-sensitive inner-city areas."

That all sounds great, but the UK may be struggling a touch on the renewable energy front. And we all know, that without clean energy to charge EVs it's all a little pointless.

UK solar capacity growth was at a near standstill in July with just 7.5 MW added in the month, government statistics showed August 29.

Some 231 MW have been added over the last 12 months, the total fleet growing 1.8% over the period to 13,269 MW.

While figures are provisional, the feeble level of growth reflects a lack of investment since closure of the Renewables Obligation support scheme March 31, 2017, and closure of the Feed-in Tariff scheme to new applicants March 31 this year.

Meanwhile, UK regulator Ofgem has launched an investigation into power cuts across England and Wales August 9 to see if network operators or generators were in breach of license conditions.

Ofgem said an investigation would focus on National Grid's requirement to hold sufficient backup power to manage generation losses. The investigation would seek to learn lessons and take steps "to further improve the resilience of Britain's energy network," Ofgem said.

Power to the people indeed. Until next week, eyes on the road.

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