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BATTERY METALS

Seaborne lithium prices stable despite persistent weak fundamentals

Seaborne lithium prices remained static this week, with further downward pressure expected for the short run.

On Thursday, S&P Global Platts assessed battery-grade lithium carbonate flat at $10,000/mt, while lithium hydroxide remained at $12,500/mt. Both assessments were on a CIF North Asia basis, reflecting offers, bids and deals for deliveries to the main ports of China , Japan and South Korea.

No changes were observed in market fundamentals. The spodumene oversupply that has been forcing prices down is expected to persist, keeping prices under pressure.

Lithium prices are not expected to rebound until the existing high inventories of spodumene in China and Australia are consumed, Livent's CEO Paul Graves said Wednesday during the company's second quarter earnings call.

He said that based on their pricing forecasts for H2, their production from Argentina should have margins of $5,000-$6,000/mt above the cost of production in the period.

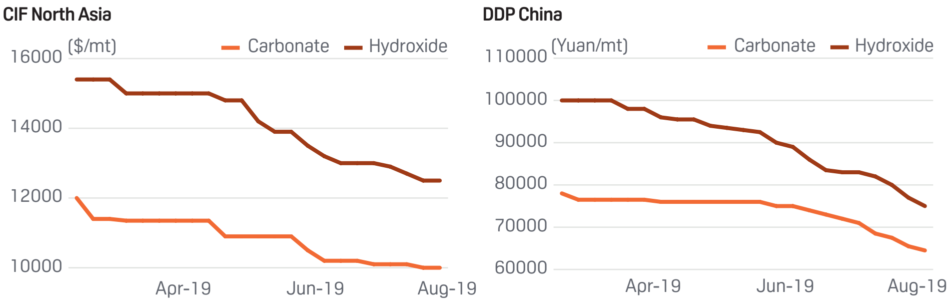
Although Graves was bullish on demand and saw supply additions slowing down, he

(continued on page 2)

BATTERY METALS

		Change	Date Assessed
Weekly Prices			
Lithium Carbonate			
CIF North Asia ($/mt)	10000	+0	08-Aug-19
DDP China (Yuan/mt)	64500	-1000	08-Aug-19
CIF North Asia Import Parity (Yuan/mt)	79144	+1179	08-Aug-19
Lithium Hydroxide			
CIF North Asia ($/mt)	12500	+0	08-Aug-19
DDP China (Yuan/mt)	75000	-2000	08-Aug-19
CIF North Asia Import Parity (Yuan/mt)	98930	+1473	08-Aug-19
Cobalt Sulfate			
CIF North Asia ($/mt)	6900	+0	08-Aug-19
DDP China (Yuan/mt)	39500	+3000	08-Aug-19
Monthly Prices			
Lithium Spodumene			
FOB Australia ($/mt)	580	-20	31-Jul-19

PLATTS LITHIUM CARBONATE AND LITHIUM HYDROXIDE



Source: S&P Global Platts

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said that lithium spot prices were expected to keep falling in the second half, with double-digit percentage decreases in hydroxide compared to the first half.

Lithium producer Albemarle has a similar view on the situation: "There continues to be some excess of [hard] rock [spodumene] inventory outside of China in Australia , and most of the new carbonate and hydroxide production is not outside of China ," Albemarle's Lithium President Eric Norris said during the company's Q2 earnings call Thursday.

However, he expected the oversupply issue to be solved soon as "it continues to be excess in some of the battery producers outside of China . . . .And when you put that formula together, we see a pretty tight 2020."

He added that some new projects have either been delayed or would be hard to operate under current market conditions.

Another seller source from the Americas heard prices hovering at $10,000/mt CIF for carbonate and below $13,000/mt CIF for hydroxide, both in Asia (ex-China).

In recent weeks, prices were heard at even lower levels, driven by the recent plunge in Chinese domestic prices.

In the Chinese domestic market, prices continued to slump as producers lowered offer levels in an attempt to bolster sales.

Chinese domestic lithium carbonate fell Yuan 1,000 from last Friday to be assessed at Yuan 64,500/mt DDP China Thursday, while hydroxide dropped Yuan 2,000 to Yuan 75,000/mt DDP China. At these levels, the domestic market remains comfortably below the seaborne on an import-parity basis, increasingly so given the slide of renminbi this week.

The prices were yet to bottom out, although some sources thought there was limited room for further declines, due to support from production costs.

Market sentiment remained gloomy, with some participants expecting carbonate prices to drop below Yuan 60,000/mt in light of present supply/demand imbalance.

"Overall, oversupply is still there and demand has the final say," a producer said.

The Platts $10,000/mt CIF marker for carbonate was equivalent to Yuan 79,144/mt, including 13% value-added tax, based on the Platts' import-parity formula, while hydroxide's price of $12,500/mt was equivalent to Yuan 98,930/mt on the same basis. The dollar was assessed at Yuan 7.0039 to the dollar at 4:30 pm Singapore time Thursday, up from $6.8996 last Friday.

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Chinese lithium prices drop as producers lower offers

Chinese domestic lithium carbonate continued to drop this week as producers further lowered their prices to secure orders amid weak demand.

S&P Global Platts assessed battery-grade lithium carbonate at Yuan 64,500/mt ($9,155/mt) Thursday, down Yuan 1,000 from August 1, while the assessment for lithium hydroxide dropped Yuan 2,000/mt to Yuan 75,000/mt. Both assessments were on a delivered, duty-paid China basis.

Although ternary cathode materials producers saw a somewhat higher level of orders, it was not enough to reverse the current downtrend.

Prices have yet to bottom out, although some sources thought there was limited room for further declines because of support from production costs.

Market sentiment remained gloomy, with some sources expecting lithium carbonate prices to drop below Yuan 60,000/mt.

One producer said he had not delivered at Yuan 63,000/mt yet but had traded at Yuan 64,000-65,000/mt.

He also said industrial grade prices were around Yuan 57,000-58,000/mt. The producer said it was possible for battery grade lithium carbonate to drop below Yuan 60,000/mt in view of the weak demand and oversupply.

A second producer said there was limited room for further decline taking into account converters' production costs, although market sentiment remained relatively bearish. "Overall, oversupply is still there, and demand has the final say," he said. But he said not many trades had been done because of weak demand.

A third producer source said the outlook remained bearish. He said some participants at an industry event in Guiyang estimated that battery-grade lithium carbonate prices might drop below Yuan 60,000/mt. He said he felt desperate, as the price could fall below production costs for spodumene converters. "It's possible to hear trades around Yuan 63,000/mt cash, but I haven't done trades at this level," he said

The third producer said lithium carbonate had traded at Yuan 65,000-66,000/mt on a letter of credit basis and he had heard that another producer had sold higher at Yuan 66,000-67,000/mt. "End-users choose to buy [every] week, and demand remains weak now," he said.

A fourth producer placed lithium carbonate prices around Yuan 65,000/mt and said lithium carbonate prices might continue to decline.

A consumer source said he had bought battery-grade lithium carbonate at Yuan 64,000/mt with a letter of credit for 30 days. He placed the tradable level for industrial grade at Yuan 57,000-58,000/mt. "Prices will continue to drop due to the weak demand from end-users. It's hard to see the prices rebounding in the second half of this year, and the prices might run at a low level during this time," he said.

The consumer source said cathode material producers were barely making a profit and were being squeezed by high raw materials prices and lower bids from battery makers.

A second consumer source thought prices had not dropped much. He had bought at Yuan 63,000/mt in cash this week "I don't hope the prices drop further, since they are already close to the production cost of converters. The current prices are close to the bottom, so there is limited room for a further drop thanks to the support from production costs," he said. He added that orders had increased slightly this month.

A third consumer source said battery grade for tier one producers was around Yuan 65,000/mt, while for tier two producers it was Yuan 60,000/mt and for tier three producers, it was below Yuan 60,000/mt. "The prices might run at low levels in the remaining time of this year and might see a slight rebound occasionally," he said.

Most participants hoped the market

trend would become clearer at the end of August or in early September.

"It's already unprofitable at this price level. Market sentiment remains relatively bearish, and buying interests remain very thin now," the third consumer said.

Another producer said lithium carbonate had traded at Yuan 64,000/mt for battery grade and Yuan 59,000/mt industrial grade.

Meanwhile, the Chinese domestic lithium hydroxide price extended its downtrend because of weak demand. Producers further lowered their prices this week in response to sparse buying interest from end-users.

A producer source said he hadn't been involved in any deals for fine powder recently but placed levels at Yuan 78,000/t, with the tradable level for coarse sand at Yuan 72,000-73,000/mt.

Another producer said lithium hydroxide demand was very weak and put the tradable level for coarse sand at Yuan 72,000-73,000/mt and for fine powder around Yuan 75,000-78,000/mt.

He added that industrial grade prices should be below Yuan 70,000/mt.

"Market sentiment remains relatively bearish now. For an analogy, the current market is in dusk. You don't know how long the dark time will last," he said.

A third producer source put the tradable level for fine powder at Yuan 75,000-78,000/mt, while coarse sand offers were still below Yuan 70,000/mt.

Another producer said fine powder prices were slightly above Yuan 70,000/mt.

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Chinese cobalt sulfate prices see recovery on improved sentiment

China's domestic cobalt sulfate prices continued to rise this week as producers further increased their offers along with the rise in domestic cobalt metal prices.

Market sentiment was pepped up to some extent by Glencore's suspension of its Mutanda mine.

Meanwhile, seaborne prices remained unchanged because buyers have yet to follow the increase in offers and doubted whether the rebound would be sustainable.

Platts assessed cobalt sulfate with 20.5% cobalt content at Yuan 39,500 ($5,594)/mt delivered, duty-paid China Thursday, up Yuan 3,000/mt from August 1, while the seaborne market was assessed unchanged over the same period at $6,900/mt CIF North Asia .

A Chinese producer said Wednesday he had signed deals at Yuan 38,500/mt in cash, but this price was no longer available Thursday, market sources said. Tradable values should be around Yuan 39,000-40,000/mt, although offers were already above Yuan 45,000/mt, they said. Some producers suspended offers to the open market on expectations they would rise further.

It was reasonable to see a rebound since prices had hovered below production costs over the past few weeks, a Chinese consumer said. However, he said he doubted whether the rebound would be sustainable due to a lack of support from the demand side.

A second Chinese producer said inquiries increased but not many trades were done. Demand from end-users didn't recover and it's better to keep rational, he said. "How can the rebound be sustainable if end-users refuse to pay...the bill?" he asked.

Some market sources agreed the rebound was largely driven by speculation and it remained to be seen how long it could be sustained since demand had not recovered.

It would take some time for overseas buyers to accept the increase in Chinese prices and they would rather wait on the sidelines, said a third Chinese producer source, adding that they would definitely be unlikely to accept prices above $7,000/mt CIF North Asia at present.

Glencore said in its 2019 half-year report that it will halt production at Mutanda in the Democratic Republic of the Congo, the world's largest cobalt mine, at year end as a combination of low cobalt prices, a lack of access to economic oxide ore , increased costs — particularly for acid — and higher taxation combined to make the operation uneconomic.

"The suspension at Mutanda is not purely technical innovation. The current market situation is the main reason," said one person close to the matter. "There was anticipation that cobalt prices were going to bottom out earlier and the suspension of Mutanda just added fuel to the rebound. How long and how fast the price rebound will be remains to be seen," he added.

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Idling of world's largest cobalt mine in DRC could generate stimulus for a price rebound: sources

The idling of the world's largest cobalt mine could be exactly the stimulus the metal needs to stage a comeback from recent lows, according to analysts and market participants.

Global diversified natural resources company Glencore said Wednesday that it will close the Mutanda copper /cobalt mine in the Democratic Republic of Congo at the end of this year, on the back of dire market conditions and a low outright metal price, taking 20% of the global cobalt supply out of the market.

The news prompted US investment bank Citi to get more bullish on the long-term outlook for the battery metal .

"We forecast that [refined] cobalt prices will rise from $26,000/mt to average around $38,000/mt during 2020," Citi analyst Max Layton said, adding that cobalt prices have been "hit especially hard over the last two years, …exacerbated by a wave of trader and consumer destocking. Looking ahead, strong demand growth coming from the electric vehicle sector and DRC supply risks make cobalt an attractive investment opportunity. Further, we expect consumers, traders and even investors will be tempted to build cobalt stocks if global growth and trade war fears reduce from here,"

Still, $38,000/mt is a long way from the lofty heights the metal has reached in recent years, touching a high of about $100,000/mt in March 2018.

The main story supporting the metal has been the rapid ascent of electric vehicles and a lack of transparency on the cobalt supply chain.

One Japanese trader told S&P Global Platts he expected weak cobalt market conditions to continue because of ongoing slow demand and oversupply.

"At the moment, cobalt consumers are taking a wait-and-see position in the market. They bought a lot before. Demand is slow and weak, but demand will come back in two or three years from the electric -vehicle battery industry," he said.

BMO senior commodities analyst, Colin Hamilton, said: "The suspension of Mutanda should put a floor under cobalt prices given the extent of production removed from the cobalt market, which is likely to make purchasers nervous. This effectively removes the surplus we have in the cobalt market over the next couple of years."

S&P Global Platts assessed cobalt sulfate with 20.5% cobalt content at Yuan 39,500/mt ($5,607/mt) delivered, duty-paid China Thursday, up Yuan 3,000/mt from August 1, while the seaborne market was assessed unchanged at $6,900/mt CIF North Asia.

Having fallen to levels that many in the market felt were unsustainable, cobalt sulfate prices in the Chinese domestic market have been rebounding in recent weeks.

One Chinese consumer said it was reasonable to see the rebound as prices over recent weeks had been too low and below the cost of production. He did not think the prices would continue to rise as demand remained lukewarm and the market remained oversupplied.

Over the last month, several refineries have cut sulfate production rates in an attempt to bolster prices. Although the market has since shifted up, it remains below the oft-quoted costs of production Yuan 40,000-45,000/mt.

One producer, who had sold at Yuan 38,500/mt on a cash basis this week, described conditions as "still not profitable."

Oversupply has not been the only factor weighing on cobalt sulfate prices. Weakened demand from cathode producers has added pressure on prices. With concerns over EV sales growth into the third quarter, battery makers were heard to be driving a hard bargain.

A second Chinese consumer said the price rebound may be short-lived because sustainable demand may not appear, adding that "some cobalt sulfate producers continue to suspend offers and are reluctant to sell."

According to BMO's Hamilton, "while end demand isn't good, the threat of one of the world's largest mines not supplying the market in the near future will cause concerns about supply security to return."

Hamilton's colleague Ed Sterck said: "In our view, the cobalt industry is recovering from a demand shock in 2017 driven by aggressive Chinese cathode and precursor subsidy policy, which encouraged many new market entrants and spot cobalt buyers. Destocking has been taking place for the past 15 months, and we feel there are still a few to run."

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Glencore's closure of DRC cobalt mine to cut 20% of global supply

Global diversified natural resources company Glencore will close the world's largest cobalt mine in the Democratic Republic of Congo on the back of dire market conditions and a low outright metal price, taking 20% of global supply out of the market.

Glencore is planning to put the Mutanda copper and cobalt mine into care and maintenance by the end of this year, "reflecting its reduced economic viability in the current market environment, primarily in response to low cobalt prices," it said in a results statement.

The closure of Mutanda will remove about 100,000 mt of copper and 27,000 mt of cobalt — around 20% of global supply — from the market, BMO senior commodities analyst Colin Hamilton said.

Glencore's cobalt output has been ramping up while demand remains tepid. Own-sourced cobalt production for H1 2019 was at 21,300 mt, up 28% from H1 2018.

However, Glencore said its DRC Katanga division, of which it owns 86%, cut full-year copper production guidance to 235,000 mt from 285,000 mt. It also lowered its full-year cobalt production guidance to 14,400 mt from 26,000 mt.

In 2018, Glencore had to halt cobalt shipments from Katanga because of the presence of uranium in a cobalt hydroxide sample. It has seen mounting cobalt stockpiles on its balance sheet as a result, at a time when the market is flush with metal .

"Management believes there is significant upside at these assets as they reach steady state over the next two years, but the market may start to lose patience as the track record at these assets has been poor," Jefferies mining analyst Christopher LaFemina said in a note Wednesday.

Weak cobalt outlook

A Japanese trader told S&P Global Platts he expected weak cobalt market conditions to continue because of ongoing slow demand and oversupply.

"At the moment, cobalt consumers are taking a wait-and-see position in the market. They bought a lot before, demand is slow and weak, but demand will come back in two or three years from the electric -vehicle battery industry," he said.

"The suspension of Mutanda should put a floor under cobalt prices given the extent of production removed from the cobalt market, which is likely to make purchasers nervous," Hamilton said. "This effectively removes the surplus we have in the cobalt market over the next couple of years."

Glencore reported first half 2019 adjusted EBITDA down a hefty 32% year on year to $5.6 billion, mainly due to problems related to its African operations.

Glencore CEO Ivan Glasenberg said: "Looking ahead, we are confident that commodity fundamentals will move in our favor and that our diverse commodity portfolio will continue to play a key role in global growth and the transition to a low-carbon economy."

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Albemarle to reduce targeted lithium capacity by 36% in next five years

New York -listed lithium producer Albemarle will reduce investments to increase lithium conversion capacity by 125,000 mt/year of lithium carbonate equivalent (LCE) in the next five years, the company's CEO Luke Kissam said Thursday in a second quarter earnings call.

The company will put on hold investments totaling $1.5 billion related to production at the Wodgina hard-rock project and the Kemerton lithium hydroxide plant, both in Australia . Total conversion capacity is now expected to reach 225,000 mt/year on an LCE basis.

Last week, Albemarle announced it would acquire a 60% stake on the Wodgina mine instead of the 50% previously agreed with Mineral Resources (MRL). Wodgina's output should feed an initial targeted production of 75,000 mt/y of hydroxide at Kemerton, but total capacity is now being re-designed for 50,000 mt/y.

"The Wodgina mine will still have the ability to support at least 100,000 mt/y of lithium hydroxide; however, any additional conversion capacity expansions in this joint venture will be based on market dynamics," said Kissam.

He said this did not mean the spodumene coming out of Wodgina will necessarily be sold directly instead of converted. "After the deal closes, we will discuss with MRL what is the best approach to take on the spodumene rock from that mine," he said.

Kissam gave several reasons not to increase conversion capacity as previously expected: the potential impact of EV subsidy changes in China ; possible shifts in cathode chemistry; excess inventory along the supply chain; and current oversupply of lithium carbonate .

The combination of these factors "has caused some caution in the energy storage value chain, all of these has put downward pressure on price, and we expect to see this pressure on carbonate pricing continue in the near term," he said, adding that the reduction on investments would allow Albemarle to become free cash-flow positive in 2021.

The decision "is not because of demand; we are still bullish on demand," emphasized Kissam, who expected total consumption to reach 1 million mt on a LCE basis in 2025. He maintained his demand forecast from the previous quarters.

For 2019, the existing operating units in La Negra remain on track to produce close to 40,000 mt of lithium carbonate this year, he said. The 40,000 mt/y of La Negra III and IV stages remains on schedule for completion in the first quarter of 2021.

Albemarle is also ramping up production at the 20,000 mt/y Xinyu II lithium hydroxide plant, which should reach the full capacity run rate by year end. "With several large customer qualifications complete, we continue to anticipate meaningful sales growth supported by this facility during the second half of 2019," said Kissam.

The company posted a 3% year-on-year increase in shipments in Q2, as well as a 2% increase in average prices despite the plunging pricing outlook in the spot market.

According the Albemarle's lithium president Eric Norris, most of the contracts were recently renewed for 3-5 years, or more than five years — most of them outside of China , where prices are usually lower. He said that shipments to China represented only 10% of Albemarle's total.

Albemarle recorded a net income of $154.19 million in the second quarter, down 49% year on year, despite a 3.7% increase in net sales to $885 million. These results include not only lithium , but also the company's other businesses in bromines and catalysts.

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Lithium hydroxide faces double-digit percentage fall in H2: Livent

Lithium hydroxide spot prices should have a double-digit percentage decrease in the second half of this year compared with the first half, lithium producer Livent CEO Paul Graves said Wednesday in the company's second-quarter earnings call.

Livent has been increasing the proportion of spot shipments of lithium hydroxide , although those volumes sold previously under term contracts in which "prices remain in line with what was previously agreed," Graves said.

The downtrend will be mostly driven by the spodumene oversupply, which has been weighing on prices since earlier this year, he said. There are still high inventories of spodumene in China and Australia , and prices are not expected to rebound until these stockpiles were consumed, he added.

In the case of hydroxide, coupled with oversupply, its short shelf-life also increased the pressure on destocking, driving prices down faster than what was seen in carbonate, he said.

However, "supply additions are slowing down, and the demand keeps increasing, so we believe that the current price levels don't reflect the long term outlook," said Graves, who stressed that demand increased more than he expected in H1 2019, especially for hydroxide.

"Purchases of hydroxide in Q2 were significantly higher than in the two previous quarters — an individual customer who used to buy a couple of hundred metric tons a month increased to a thousand," he said.

In Q2, Livent reported a 21% increase in shipments — mostly driven by hydroxide — and an average price reduction of 13%. The company expects to further increase shipments and production in H2, having 30% more volume available on a lithium carbonate equivalent (LCE) basis.

During H1, Livent's third hydroxide line started production in China , leading to an annual conversion capacity of 13,000 mt. The company also remains on track to start running the first 9,500/mt carbonate line in Argentina by the end of 2020, which will ultimately be expanded to 60,000 mt/year by 2025.

Livent posted a 59% reduction in net income in Q2 from the same period of last year to $16 million. Revenue grew 6% to $114 million on the same comparison.

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Mincor finalizes offtake deal with BHP Nickel West for Kambalda

M1incor Resources has finalized and executed an ore tolling and offtake agreement with BHP Nickel West for nickel sulfide ore to be produced from its mining projects in the Kambalda region.

Under the agreement, the Western Australian miner has the right to process up to 600,000 mt/year of nickel sulfide ore at the BHP Group unit's Kambalda nickel concentrator, Mincor said Monday.

Nickel concentrate produced will be sold to BHP Nickel West for further downstream processing at the unit's Kalgoorlie nickel smelter and Kwinana nickel refinery.

The offtake deal will take effect from the date Mincor delivers its first ore to BHP Nickel West and expires either on the fifth anniversary of that date or Dec. 31, 2025, whichever comes first.

Mincor mothballed its Kambalda nickel mines in 2016 as the metal's prices collapsed, but has been working to restart operations to take advantage of the growing demand for nickel in the global lithium -ion battery industry and in the stainless steel market, especially the nickel -rich 300-series products.

It expects to release results of a definitive feasibility study in December 2019 on an integrated mining restart plan.

According to Mincor, the latest agreement meant the company would become "the key platform" to the restarting of BHP Nickel West's Kambalda nickel concentrator.

BHP , which considered disposing Nickel West at one point, announced earlier this year that it had decided to keep the unit as it planned to expand its nickel sulfide operations amid an expected nickel demand boom in the electric -vehicle battery industry.

In the first stage, it is building a new 100,000 mt/year nickel sulfate plant at the Kwinana refinery, and expects to start production in in the second half of 2020. Also on the drawing board is a second stage that would increase the plant's total capacity to 200,000 mt/year of nickel sulfate.

BHP sells over 75% of its nickel production to global battery material suppliers.

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Chengtun Mining to invest Yuan 1.02 bil in Indonesian nickel JV

China's Chengtun Mining Group will invest Yuan 1.02 billion ($145 million) in a joint venture — PT Youshan Nickel — to build a 43,590 mt/year nickel mining project in Kepulauan Maluku , Indonesia , the company said Friday in a filing with the Shanghai Stock Exchange.

The Shanghai -listed company laid the ground foundation of the project in May, and expects the facility to have a nickel matte output capacity of 43,590 mt/year.

The production facilities are set to be installed by October, and formal operations will begin by June 2020, the company said.

During the first year of operations, the nickel plant is expected to attain 70% of its full capacity. The project will reach 100% maximum capacity by the second year, with a capacity to produce 34,000 mt/year of nickel , according to the miner.

Once fully operational, the plant will generate annual revenue of $417 million and average annual profits of $127 million, with an investment payback period of 5.6 years, the miner said.

The miner said nickel matte is an indispensable core raw material for producing high-nickel , low cobalt -ternary batteries, noting that with the fast growth of the world's new energy vehicle sector, demand for high-nickel ternary batteries would be strong in the years ahead.

"The investment in Indonesia is in line with the company's goals of developing nickel , cobalt NEV battery metal , and internationalization strategy, increasing overseas raw materials reserves, boosting company core competitiveness and profits," the company added.

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Battery Metals Weekly wrap-up

There were some encouraging signs for the UK electric vehicle sector this week even as the ongoing US-China trade war roiled markets globally.

In July, demand for battery powered EVs jumped 158.1% year on year, resulting in a 1.4% market share, the highest monthly market share on record, according to data from the UK's Society of Motor Manufacturers and Traders (SMMT).

This came as overall sales fell 4.1% year on year.

SMMT forecasts ongoing investment in the sector, resulting in battery powered EVs doubling their market share in 2020 to 51,000 registrations.

However, this would still represent only 2.2% of the overall market, according to SMMT data.

Mike Hawes, SMMT chief executive, said: "If the UK is to meet its environmental ambitions, however, government must create the right conditions to drive uptake, including long-term incentives and investment in infrastructure."

SMMT has been critical of the government's mandate towards electrification in the past, saying that it is unpredictable and needs to do more to curry favor with the population.

Actions often speak louder than words.

Meanwhile, the European Investment Bank is considering ditching fossil fuels and focusing only on low-carbon projects starting in 2021, it said in a updated lending strategy draft.

This would mean no longer considering new loans to fossil fuel projects, including natural gas infrastructure, from the end of 2020, it said in the draft strategy published July 26.

Supply chain fluctuations also remained

in focus this week, as both lithium and cobalt prices continued to feel the pressure of increased supplies and weak demand.

Canadian bank BMO said, outside the UK, “EV data points are weakening, with an Shanghai Metals Market survey showing Chinese output of EV passenger vehicles may have fallen over 50% on month in July. If true, this would mark the first decline in recent history. The survey also shows an increasing preference for cobalt-free LFP cathodes in the Chinese EV industry owing to cost and safety concerns.”

The outright cobalt price is now hovering around $26,000/mt after soaring to almost $100,000/mt in early 2018.

The slump took its biggest victim this week, as the world’s largest cobalt mine was shuttered. However, that may aid the supply-demand balance and therefore sellers going forward.

Glencore said Wednesday it will close the Mutanda copper and cobalt mine in the Democratic Republic of Congo at the end of 2019, citing market conditions and a low outright metal price, and in one fell swoop taking 20% of global production out of the market.

“We forecast that [refined] cobalt prices will rise from $26,000/mt to average around $38,000/mt during 2020,” Citi analyst Max Layton said, adding that cobalt prices have been “hit especially hard over the last two years, … exacerbated by a wave of trader and consumer destocking. Looking ahead, strong demand growth coming from the EV sector and DRC supply risks make cobalt an attractive investment opportunity. Further, we expect consumers, traders and even investors will be tempted to build cobalt stocks if global growth and trade war fears reduce from here.”

Elsewhere, Hyundai Motorsport began work on its first electric race car.

Mirroring the move towards hybrid technology and electrification in the automotive industry, motorsport has also ventured into new territory in recent years with the introduction of electric and hybrid series and regulations.

“A new era is dawning at Hyundai Motorsport. For many months, our team in Alzenau has been working hard on an exciting electric vehicle and soon we will be able to share the fruits of these labors,” Team Director Andrea Adamosaid.

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