

# METALS DAILY

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## BATTERY METALS

### Seaborne lithium prices resume downtrend on lower price indications

*Singapore* — After eight weeks lacking clear direction, seaborne lithium carbonate prices resumed the downtrend seen since at least May, when S&P Global Platts started assessing the battery metals market. The hydroxide price also fell.

Both Platts CIF North Asia prices for battery-grade lithium carbonate and lithium hydroxide dropped \$200/mt, to \$14,300/mt and \$17,800/mt, respectively. The assessments reflect deliveries in the main ports of China, Japan and South Korea.

Despite persistently low liquidity in the spot market, lower indications — some of them reportedly cited during 2019 term contract talks — showed seaborne prices are still pointing lower in order to draw level with Chinese domestic prices.

Coincidentally, CIF prices resumed their downtrend at the same time as DDP China prices gained some momentum due to lower output from Chinese brines caused by floods in September and the recent start of the cold season.

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### Weekly Prices

		Change	Date Assessed
Lithium Carbonate CIF North Asia (\$/mt)	14300	-200	2-Nov-18
Lithium Carbonate DDP China (Yuan/mt)	79000	0	2-Nov-18
Lithium Hydroxide CIF North Asia (\$/mt)	17800	-200	2-Nov-18
Lithium Hydroxide DDP China (Yuan/mt)	123000	0	2-Nov-18

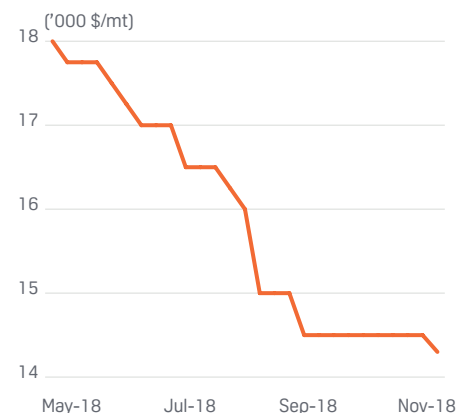
However, there is still a significant gap between imported and domestic prices, making the latter more competitive: the carbonate's \$14,300/mt CIF mark was equivalent to Yuan 115073/mt DDP China (including 16% VAT), based on Platts import-parity formula. The yuan was assessed at 6.9371 to the dollar at 4:30 pm Singapore time Friday.

On the other hand, Platts assessed Chinese domestic battery grade lithium carbonate at Yuan 79,000/mt and lithium hydroxide at Yuan 123,000/mt, both flat from a week ago on a DDP China basis.

This spread could get narrower soon

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### PLATTS LITHIUM CARBONATE CIF NORTH ASIA



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since Chinese domestic prices “will be stable or rise slightly because it’s winter, and don’t forget that in the fourth quarter, activity from cathode makers should go up,” said a consumer in the Americas who is currently negotiating next year’s contracts.

Prices in the region are finally catching up with those from Asia, but spot supply is unlikely to be found below \$18,000/mt CIF for hydroxide and \$14,000/mt for carbonate, he said. “The Chinese domestic DDP spot price for carbonate would convert to around \$12,000/mt in US dollars, so you add a couple [thousand] dollars and this will be the price for North America and Europe,” he said.

“Everyone would be happy with [as low as] \$11,600/mt [for carbonate]; it’s a good number,” said a Japanese trader who converted a theoretical DDP China price of Yuan 80,000/mt into US dollars on a CIF basis. “It is reasonable to be 3-4% up or down.”

Although the spot market is quiet, the carbonate price could be in a range of \$12,000-\$14,000/mt CIF, with hydroxide trading \$2,000-\$3,000/mt above that at \$14,000-\$17,000/mt. “These numbers are

my feelings for contract prices,” but spot would be similar, he said, citing talk that spodumene could be trading at \$750/mt. “It is definitely below \$800/mt,” he said, adding that he would bid at \$600-\$650/mt, calling it a more realistic price.

A South Korean trader agreed with those price levels. In Japan and South Korea, battery-grade lithium carbonate’s average contract price this year is higher than previous years. Spot trades should be done higher than contract price, and could be capped at \$16,000/mt and \$18,000/mt for lithium hydroxide, coarse sands, the trader said.

Market participants in Asia also said a major consumer had signed a contract for lithium hydroxide at \$15,000-\$16,000/mt with a top tier Chinese producer. Other producers may add \$1,000-\$2,000/mt due to higher production costs and other possible factors. The contract could be signed at \$16,000/mt CIF, meaning the spot market could trade above that, sources said.

A major Chinese cathode maker said contract negotiations with a global producer failed to reach a consensus on

price. As for spot cargoes, if sellers offer \$10,000/mt CIF China, “I would consider buying a little bit,” he said.

Most buyers Platts surveyed predicted some downward adjustments in seaborne lithium prices. However, a major Asian producer expressed a more positive view, predicting a trend higher.

He said the China price had bottomed out around two weeks ago, narrowing the spread with other countries in the region. He also put his indicative spot offers at a 20% premium over projected Q1 2019 contract prices \$14,000-\$15,000/mt for battery grade lithium carbonate and \$16,000-\$18,000/mt for lithium hydroxide, produced from spodumene concentrates.

Another major producer in the Americas said clearer direction was needed for next year. He described current CIF offers of \$14,000/mt and \$16,000-\$17,500/mt for lithium carbonate and hydroxide respectively as reasonable.

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