

METALS DAILY

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BATTERY METALS

Seaborne lithium prices stay flat, with drops likely

Despite persistent bearish sentiment among market participants, seaborne lithium prices remained steady this week.

Both Platts' battery-grade lithium carbonate and lithium hydroxide CIF North Asia assessments remained stable Friday at their previous levels of \$10,000/mt and \$12,500/mt, respectively. The assessments reflect deliveries to the main ports of China, Japan and South Korea.

But sources expected the recent plunge in Chinese domestic prices — which has been driven by poor demand and an oversupply of spodumene — to reverberate in the international markets soon.

In the Chinese domestic market, lithium carbonate fell Yuan 500 on week to Yuan 64,000/mt (US \$9,088) DDP China, while hydroxide dropped Yuan 2,000 to Yuan 73,000/mt DDP China.

The conversion of Chinese domestic prices provides an important proxy for CIF Japan and CIF South Korea prices, because Chinese -converted material recently increased its share to the neighbouring countries.

(continued on page 2)

BATTERY METALS

Weekly Prices

Lithium Carbonate

CIF North Asia (\$/mt)	10000	+0	16-Aug-19
DDP China (Yuan/mt)	64000	-500	16-Aug-19
CIF North Asia Import Parity (Yuan/mt)	79453	+309	16-Aug-19

Lithium Hydroxide

CIF North Asia (\$/mt)	12500	+0	16-Aug-19
DDP China (Yuan/mt)	73000	-2000	16-Aug-19
CIF North Asia Import Parity (Yuan/mt)	99316	+386	16-Aug-19

Cobalt Sulfate

CIF North Asia (\$/mt)	6950	+50	15-Aug-19
DDP China (Yuan/mt)	46000	+6500	15-Aug-19

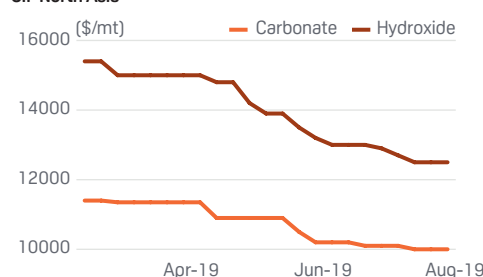
Monthly Prices

Lithium Spodumene

FOB Australia (\$/mt)	580	-20	31-Jul-19
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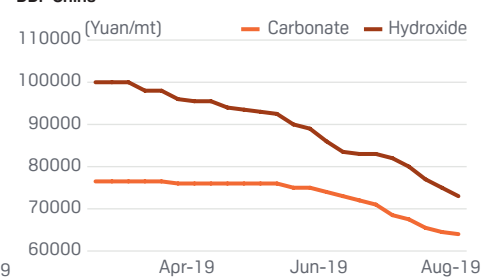
PLATTS LITHIUM CARBONATE AND LITHIUM HYDROXIDE

CIF North Asia



Source: S&P Global Platts

DDP China



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Many market participants said they expected lithium prices to keep falling until at least year's end.

According to a market observer in the Americas region, "spodumene should go below \$500/mt at some point, and this will keep pressuring lithium prices."

Platts' monthly assessment for spodumene 6% concentrate fell \$20/mt month on month to \$580/mt FOB Australia at the end of July.

This source said the market should be trading at as low as \$7,500-\$8,000/mt for lithium carbonate and \$10,000/mt for lithium hydroxide, both on a CIF China basis, "considering the current numbers from the Chinese domestic market."

The Platts \$10,000/mt CIF marker for carbonate was equivalent to Yuan 79,453/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 99,316/mt on the same basis. The dollar was assessed at Yuan 7.0312 to the dollar at 4:30 pm Singapore time Friday.

The source had heard about technical-

grade carbonate, which usually trades at a significant discount to battery-grade quality, trading at around \$7,000/mt on a CIF China basis.

An Americas-based producer source reported that the spot market for technical-grade lithium carbonate was currently trading above the \$7,000/mt CIF China mark, but didn't specify if the price reached \$8,000/mt or higher.

"There isn't only one number. It can vary depending on the negotiation and the volume," he said.

A consumer in China put the price of seaborne lithium hydroxide at about \$11,000/mt on a long-term contract basis but said it would not be possible to get these prices in the spot market.

For lithium carbonate, he said, seaborne prices might be below \$9,000/mt, around \$8,000/mt.

A Chinese producer source said his company's CIF Japan H1 2019 term contract price for lithium hydroxide had been \$15,000/mt, and he was meeting Japanese customers over the August 18-25 period to

sign the H2 2019 contract at a price of about \$13,600/mt.

He said he did not sell anything on a spot basis, as the market "is very bad" and it was better to play it safe with term contracts. He added that his customers were major buyers in Japan who were mostly concerned about quality rather than price.

He doubted rumours that there had been indicative bids for lithium hydroxide from India at \$9,500/mt.

"This is not true. Even if it is true, the lithium hydroxide is industrial grade, with very high impurities and LiOH content of 56.5%. [I have] heard this kind of off-spec lithium hydroxide price at \$11,000-ish/mt DDP India," he said.

A second China-based producer said some Indian clients were targeting prices of \$9,000/mt for industrial-grade lithium hydroxide, but prices from Japanese and South Korean buyers were higher.

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Chinese domestic lithium carbonate prices slip further on sluggish demand

Chinese domestic lithium carbonate prices continued to drop this week, but at a slower pace, with demand remaining sluggish.

S&P Global Platts assessed battery-grade lithium carbonate down Yuan 500/mt on Friday to Yuan 64,000/mt, and lithium hydroxide Yuan 2,000/mt lower at Yuan 73,000/mt. Both assessments were on a delivered, duty-paid China basis.

Although ternary cathode materials producers saw a slight improvement in orders, it was not enough to reverse the current downtrend.

According to the data released by China Automobile Power Battery Industry Innovation Alliance, ternary battery output totaled 4.3 GWh in July, down 6.4% month on month, accounting for about 74.5% of total power battery output. The drop in ternary battery output slowed in July compared to June.

Power battery output totaled 5.7 GWh in July, down 10.4% month on month.

Market participants had divergent views, with some expecting lithium carbonate

prices to continue to drop as there were no obvious signs of demand recovery. However, others thought there was limited room for further declines, due to support from production costs.

A source at a Chinese producer said his company's prices were around Yuan 66,000-67,000/mt due to high production costs, adding that the prices were unchanged as orders remained relatively stable.

A second producer source had a different view, saying he had traded lithium carbonate at Yuan 64,000-65,000/mt, but there was no profit margin now due to high spodumene prices purchased at an earlier time.

"We will suffer losses if prices continue to drop. Demand has yet to show any obvious signs of recovery," he said.

Two other producers saw tradeable levels at Yuan 63,000-64,000/mt, although one said he had offered at Yuan 63,000/mt, but there were no takers at even that level.

"We have meager profit margin now.

Converters will cut production if there is no profit, but so far, I haven't heard of anyone cutting production," he said.

Another producer said brine producers had the advantage at production cost, which he confirmed to be about Yuan 30,000/mt for Chinese brine producers and even lower for some overseas producers.

"But some end-users prefer to use lithium chemicals converted from spodumene due to better quality.

One consumer source pegged the tradable level for lithium carbonate at Yuan 63,000-64,000/mt.

"Prices were already close to the bottom and there is limited room for a further drop due to the support from production cost," he said.

A second consumer source, however, said he could not "buy at this price," adding that major sellers were offering carbonate at Yuan 65,000/mt.

However, a seller source saw the tradable value of lithium carbonate at as low as Yuan 61,000-62,000/mt.

Lithium hydroxide slides on weak demand

Chinese domestic lithium hydroxide prices also continued to drop due to typically weak demand. A Chinese consumer said there was no buying interest from end users, although some converters wanted to uphold prices.

He said that some expected new energy-vehicle sales to reach 1.2 million-1.3 million units this year, flat from last year. This is far lower than previous expectations of 1.5 million units at the beginning of this year, implying a possible decline in new energy-vehicle sales for the remainder of this year.

Another Chinese consumer said he would not buy lithium hydroxide coarse sand higher than Yuan 68,000/mt.

The loading volume of ternary battery reached 2.1 GWh in July, down 55.9% from last month. Meanwhile, the loading volume

for lithium iron phosphate batteries on special vehicles increased by 44.8% month on month to 2.5 GWh, driven by the demand from pure electric power bus.

A Chinese producer source said he had heard tradeable values of hydroxide at Yuan 71,000-72,000/mt, but his company could not do lower than Yuan 73,000/mt.

Another producer source put the tradable value for fine powder at Yuan 75,000/mt, while for coarse sand it was likely lower than Yuan 70,000/mt, due to low demand.

A source at a third Chinese producer said industrial coarse sand had traded at Yuan 67,000-68,000/mt, with sales seemingly better than for battery grade, which was priced around Yuan 71,000-72,000/mt.

He said he could not sell battery grade

coarse sand below Yuan 70,000/mt and put fine powder selling prices at a higher Yuan 75,000-78,000/mt.

"I don't expect any obvious improvement in the coming months. It would be good to see prices stabilizing. We only do lithium hydroxide exports now," he said.

He added that it was hard to sign orders with overseas buyers on lithium hydroxide coarse sand at levels higher than \$11,000/mt at the moment.

A consumer said he would not buy coarse sand at levels higher than Yuan 70,000/mt, although some might buy at Yuan 71,000-72,000/mt for a small volume.

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China cobalt sulfate prices climb for third week amid sparse trading

Chinese domestic cobalt sulfate prices rose for the third straight week as producers continued to increase their offers, although buying interest remained thin.

Also, seaborne prices increased slightly this week, driven by the recent surge in cobalt metal prices.

S&P Global Platts assessed cobalt sulfate with 20.5% cobalt content at Yuan 46,000/mt (US \$6,539/mt) delivered, duty-paid China Thursday, up Yuan 6,500/mt from August 8, while the seaborne market was assessed at \$6,950/mt CIF North Asia, up \$50/mt from a week earlier.

A Chinese producer said a deal was booked at Yuan 45,000/mt Wednesday. It would be possible to make deals at Yuan 47,000/mt Thursday, a second producer said. But not many deals were seen in the market as end-users were reluctant to accept the current high offers, he added.

Chinese producers want to uphold high prices, while end-users have no interest in buying now, the first producer said.

"End-users currently are struggling for survival and finding ways to lower their production costs. How could they pay for the current high cobalt sulfate prices?" he said.

A third producer, who quoted at Yuan 52,000-53,000/mt, pegged the tradable value as high as Yuan 48,000/mt Thursday. It was hard to say how the market would trend, and the price rebound would be sustainable only when end-users went along, he said.

Some Chinese producers, who stopped production earlier, continued their suspension of offers to the open market. They said this round of rebound was driven by capital speculation and doubted it would be sustainable, because demand had yet to recover. One of them said it was better to wait for clearer direction because it was still

unprofitable to resume production at current cobalt metal prices.

Few deals were seen in the market, and market sources said no one would want to buy at current price levels except those who destocked heavily earlier and have low inventories.

According to the data from the China Automobile Power Battery Industry Innovation Alliance, ternary battery output totaled 4.3 GWh in July, down 6.4% from June, accounting for about 74.5% of total power battery output.

On the seaborne market, offers were heard as high as \$8,000/mt CIF North Asia, a European exporter said. It would take some time, however, for overseas buyers to accept the increase in Chinese prices, and they would rather wait on the sidelines, a Chinese exporter said.

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June global plug-in electric vehicle sales jump: Platts Analytics

Global sales of plug-in hybrid vehicles in June were up 45% year on year at 251,800 units, with Chinese sales up 51%, likely bolstered by frontloading before the expiration of local subsidies July 1, S&P Global Platts Analytics said Wednesday.

In the European Union, sales grew 39%

while in the US, they were up 51%, according to the latest Platts Analytics EV Essentials report.

In the US, the sales were largely attributed to Tesla, which accounted for around 20% of overall market share.

"[Plug-in electric vehicle] sales continue to diverge from trends in the broader, light-

duty auto market," said Platts Analytics senior transportation technology analyst Zane McDonald. "PEV sales are up 51%, 39%, and 51% in June in the US, EU and China, respectively, despite all three markets experiencing slowdowns in total light-duty auto sales (plug-in electric and internal

combustion engine vehicles).

"Strong June year-on-year growth in China contrasted recent months' tempered PEV sales," McDonald added.

"The June spike is derived from a

frontloading in 'new energy vehicle' sales prior to July's local government subsidy elimination, with corrections likely across the third quarter," he said.

"Medium- to long-term, this slowing is

likely to force consolidation in the Chinese [new electric vehicle] market, with international joint ventures amalgamating budgets and dispersing risk."

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UK electric vehicle charging points rise to 9,200: Nissan

The number of charging points for electric vehicles in the UK has risen to 9,200, car maker Nissan said Thursday, based on data from the Energy Institute and Zap-Map.

Of these, some 1,600 provide rapid charging (recharge a typical EV battery to around 80% in under an hour) with two rapid chargers coming online every day in the last month, it said.

BP Chargemaster, one of the biggest EV charging companies in the UK, said Thursday that it started the roll-out of 400 ultra-fast chargers with the first two 150 kW units launched at a forecourt near Heathrow airport.

According to Nissan, the number of

public charging points has now surpassed the number of gasoline stations in the UK.

The number of German EV charging points, meanwhile, has risen more than 50% year on year at 20,650, utility lobby BDEW said Wednesday.

Some 2,500 public charging points in Germany are so-called fast-chargers.

The BDEW estimates that 85% of EV charging will be either at home or work.

BP Chargemaster said it had already installed 40,000 private charging points across the UK.

According to S&P Global Platts Analytics, there are some 170,000 EV public charging points installed across Europe compared

with 75,000 in the US and 321,000 in China.

European EV sales were up 40% year on year in the first half 2019 at 198,000 and compared with an overall 2% decline for EU new car sales with EV sales, Platts Analytics said in its latest monthly EV Essentials report.

Germany, Europe's biggest auto market, is now catching up with early adopter Norway, but there are still just over 100,000 pure EVs registered in Germany.

Research into power demand of electric cars varies widely, but some experts estimate around 2.5 TWh/year additional demand for electricity from 1 million electric cars.

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ThyssenKrupp division looks to ramp up rare earths exposure

A ThyssenKrupp unit has signed an offtake agreement with Australian rare earths producer Northern Minerals for exclusive marketing rights to metals required for technologies such as e-mobility and renewable energy, Northern said Monday.

In a statement, the company said that under the long-term offtake agreement, ThyssenKrupp Materials Trading will be the exclusive sales partner of Northern Minerals, which has already started production of heavy rare earth carbonate at its Browns Range pilot plant in Western Australia. "The agreement also includes cooperation on

possible further beneficiation and separation of rare earths to produce rare earth oxides, and on the future expansion of the project," the company added.

Rare earth metals have been in the spotlight over recent months in the face of mounting trade tensions between the US and China. According to US Geological Survey data, China produced 78% of the rare earth metals dug up in 2018 and owns around 40% of global resources. The country has a near monopoly on rare earth element processing, making the supply chain most reliant on China.

Chinese officials have made several

hints that the country plans to restrict US access to its dominant supply of rare earth metals in the deepening trade standoff between the two economic superpowers.

Wolfgang Schnitzler, CEO of ThyssenKrupp Materials Trading, said: "Northern Minerals...is one of the few suppliers of rare earths outside China, so we are really looking forward to successful collaboration."

ThyssenKrupp Materials Trading is an international trading and services company headquartered in Essen, Germany.

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Battery Metals weekly wrap

In a sign of the times an electric vehicle milestone was reached this week, whipping up excitement among EV bulls, as there are now more charging points in the UK than petrol forecourts, Nissan said.

Sounds awesome, until you give the headline some thought. A charging point is singular, while a forecourt could house a lot

of petrol pumps. Let's ask Google.

The UK's largest petrol station, on the M25, has 36 pumps. That's one station. So, how exciting is news that there are more charging points than petrol stations?

"Not very, I mean, come on. It's a headline, that's it. It's still way less convenient to charge an EV than it is to

refuel a traditional engine car," said one rather uninspired trader.

"Don't get me wrong, it's a signal of the direction of travel, but that's about it for now," he added.

The number of charging points for electric vehicles in the UK has risen to 9,200, car maker Nissan said Thursday, based on

data from the Energy Institute and Zap-Map, while the number of petrol station sites in the UK have fallen over 35% since 2000, according to Statista data.

There are some 170,000 EV public charging points installed across Europe compared with 75,000 in the US and 321,000 in China, according to S&P Global Platts Analytics data.

European EV sales were up 40% year on year in the first half 2019 at 198,000 compared with an overall 2% decline for EU new car sales, Platts Analytics said in its latest monthly EV Essentials report this week.

It seems that the electrification of

mobility is starting to become a reality, unlike flying cars as predicted by a much younger version of me circa 1990.

OK, so we're building up to be able to charge our EVs, but questions have been raised about the resilience of the UK power network, following a widespread blackout August 9.

The UK's National Grid will have to explain why there was not sufficient reserve capacity on hand to cover the loss of two generators that triggered blackouts across England and Wales, sector commentators told S&P Global Platts Monday.

National Grid's system security

standards require it to be able to deal with combined outages up to 1.8 GW, according to Platts Analytics. The combined outage took a little over 1.3 GW off the system.

Amid a deluge of media coverage, investigations into the failures were launched by regulator Ofgem and the government's energy emergency committee, with an interim National Grid report expected next week.

What will happen once all those EVs are jacked up to the infrastructure? Will they provide an additional buffer? Or will sales of candles have the potential to rocket?

Until next week...

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