

METALS DAILY

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BATTERY METALS

Lithium carbonate drops to \$17,500/mt on bearish Chinese domestic market

Singapore—Bearish sentiment in the Chinese domestic market forced down the seaborne price of battery-grade lithium carbonate over the week.

S&P Global Platts assessed 99.5% battery-grade lithium carbonate \$250/mt lower from the previous Friday at \$17,500/mt CIF North Asia, including the main ports of Japan, South Korea and China.

That converts to around Yuan 136,500/mt DDP China equivalent price, based on Platts import parity calculations.

For May, its inaugural month, the Platts 99.5% battery-grade lithium carbonate price averaged \$17,813/mt.

Sluggish demand for overseas spot trade combined with Chinese domestic prices stabilizing at lower levels than at the beginning of the week were the main factors for the week-on-week decrease.

With a revised Chinese government policy on subsidies for electric vehicles expected to be implemented on June 11, spot trade has almost come to a halt as

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Weekly Prices

		Change	Date Assessed
Lithium Carbonate CIF North Asia (\$/mt)	17500.00	-250.00	01-Jun-18

Monthly Prices

Lithium Carbonate CIF North Asia (\$/mt)	17813.00	NA	01-Jun-18
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buyers and sellers are careful not to get caught on the wrong foot.

“June might be quiet but in July, procurement managers actually will likely to be more active,” said a producer.

One Chinese buyer of seaborne lithium carbonate said a price of \$18,000/mt could simply not be accepted anymore as it was also possible to get cheap material from the Chinese domestic market now. The buyer even went as far as saying that for his contract business for the second half of the year, he would be bidding in the \$10,000-\$11,000/mt range.

Chinese domestic market

A source at Shanghai China Lithium dismissed that it could offer at Yuan 131,000/mt,

as reported last week, saying the company's spot offer was currently at Yuan 141,000/mt.

Shanghai China Lithium also offered Yuan 143,000/mt FOB Shanghai for a minimum order of 1 mt.

Another producer source mentioned that Yuan 130,000/mt on a DDP basis “for our fixed consumers was possible, or Yuan 140,000/mt for new, smaller customers” and that “the market price is currently trending lower.”

However, consumers disagreed with the offers saying traded levels were as low as Yuan 120,000-130,000/mt DDP China.

A cathode maker based in south-central China said the traded price had already fallen off from major Chinese producers and

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that his recent purchase price was slightly above Yuan 120,000/mt, for a large amount.

While spot trade in the lithium carbonate market is largely expected to remain depressed, longer-term expectations are somewhat different.

“The Chinese expect that the price can actually keep moving up in the next two years timeframe, and then start to drop when recycling gets in place,” said one US producer.

“However, even for the long run prices are not likely to drop below \$10,000-11,000/mt since this is the lithium carbonate production cost in China,” he added, noting that prices under term contracts are very different to those in the spot market, with discounts of up to 30% or 40%.

Another Asian producer reported upcoming term contract prices at around

\$16,000-\$20,000/mt to South Korea and put his lowest indicative offer for spot cargoes at \$19,000-\$20,000/mt CIF Japan and South Korea.

Other metals

As for other battery metals, two cobalt sulfate suppliers reported offering at the Yuan 130,000-132,000/mt range, with one of them expecting “prices to slide in June.”

“Cobalt prices soared recently, it’s not a surprise to drop now -- but the price won’t plunge too much, should slowly level out,” said the second supplier.

A cathode maker doubted whether Yuan 130,000-132,000/mt was representative of the market as he had heard deals being closed below Yuan 120,000/mt.

“The tradeable level would be Yuan 120,000/mt for Co 21% sulfate and Yuan

115,000-118,000/mt for Co 20.5% sulfate,” he said.

Despite the bearish sentiment in lithium and cobalt, the nickel sulphate price was heard offered Yuan 500/mt higher this week to Yuan 265,000/mt, driven by firmer LME nickel prices and lower LME stocks.

An east China-based trader indicatively offered Yuan 270,000/mt for a minimum of one truck load and said the tradeable level could be Yuan 260,000-270,000/mt as “market is strong on rising nickel.”

“Short-term [nickel sulphate price is] bullish from my point of view,” said a procurer.

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