

METALS DAILY

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BATTERY METALS

Seaborne Li hydroxide prices drop while carbonate holds

Singapore – Battery-grade lithium hydroxide delivered into North Asia fell \$150 this week as demand weakened, while sparse trading activity saw the lithium carbonate price hold steady.

Despite anticipation that import market activity would increase after the Lunar New Year, little was seen trading in both hydroxide and carbonate this week quelling the momentum seen ahead of the holiday.

S&P Global Platts' assessments for battery-grade lithium carbonate held flat at \$12,550/mt CIF North Asia, while falling demand saw lithium hydroxide assessed down \$150 on week at \$15,400/mt on the same basis.

Chinese domestic prices of battery-grade lithium carbonate and hydroxide delivered duty paid were assessed at Yuan 79,000/mt and Yuan 100,000/mt, respectively, mirroring the seaborne market in stability in carbonate and a slight drop in hydroxide on the week.

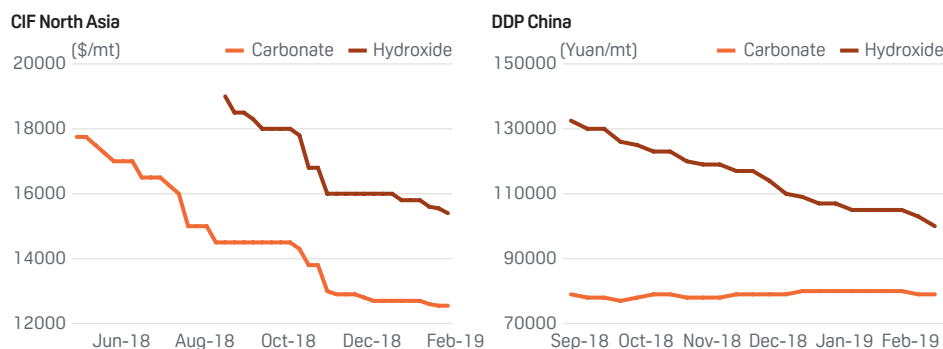
As such, the seaborne market remained above the Chinese domestic market on an

(continued on page 2)

BATTERY METALS

	Weekly prices	Change	Date assessed
Lithium Carbonate			
CIF North Asia (\$/mt)	12550	0	22-Feb-19
DDP China (Yuan/mt)	79000	0	22-Feb-19
CIF North Asia Import Parity (Yuan/mt)	97758	-688	22-Feb-19
Lithium Hydroxide			
CIF North Asia (\$/mt)	15400	-150	22-Feb-19
DDP China (Yuan/mt)	100000	-3000	22-Feb-19
CIF North Asia Import Parity (Yuan/mt)	119959	-2019	22-Feb-19
Cobalt Sulfate			
CIF North Asia (\$/mt)	9900	-2700	21-Feb-19
Lithium Spodumene			
6% Spodumene Concentrate FOB Australia (\$/mt)	640	0	31-Jan-19

PLATTS LITHIUM CARBONATE AND LITHIUM HYDROXIDE



Source: S&P Global Platts

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import parity basis.

The \$12,550/mt CIF mark for lithium carbonate was equivalent to Yuan 97,758/mt, including 16% VAT, based on the Platts import parity formula, while lithium hydroxide's price at \$15,400/mt was equivalent to Yuan 119,959/mt on the same basis. The yuan was assessed at 6.7515 to the dollar at 4:30 pm Singapore time Friday.

A Chinese producer saw lithium carbonate tradeable at \$12,500/mt on a CIF North Asia basis but no material was seen trading at this level. On the hydroxide side, tradeable values were heard to be below \$15,000/mt by a Japanese trader, some \$500 below where a Chinese producer saw tradeable value at, \$15,500/mt CIF North Asia.

Despite the general feeling that lithium prices should keep falling through the year, major producers such as Albemarle and Livent recently stated in their earnings reports that the prices achieved for the 2019 term contracts were in many cases either

flat or higher than last year.

Another important producer, Orocobre, recently revised its previous forecast of increasing production this year from 2018's 12,470 mt due to heavy rains in Argentina, where it operates the Olaroz project. Although the company didn't elaborate on impact in production, this could partially offset some of the expected oversupply for the remainder of the year.

On the other hand some in the market feel that new projects in Australia that are expected to come online in the second half of 2019 could further bolster supply on the seaborne market.

Discussions were also heard this week on European OEMs dependency on the Chinese market for battery material. As European automobile manufacturers increasingly commit to electric vehicle production, their exposure to upstream battery material markets deepens.

The opportunity for these manufacturers

to regain some control in this market lies with expanding the share of the value chain that is based in Europe one market observer said this week, adding that given the scale of the undertaking and the potential for projects to lag those in the Asia, the most effective way for developments to occur was through the collaboration of major players.

Further interesting to note was that selected industry consultants are expecting Europe to become a plug-in market rather than a pure EV market, certainly until the majority of the infrastructure issues around charging points and security of power supply are tackled. This is likely to be several decades away still.

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Lithium carbonate DDP China price steady, as hydroxide falls

Weaker Chinese demand in a quiet market saw lithium hydroxide prices come off Yuan 3,000 this week, lithium carbonate however held steady this week despite the downturn in activity.

S&P Global Platts assessed battery-grade lithium carbonate stable on the week at Yuan 79,000/mt DDP China. Lithium hydroxide was assessed Yuan 3,000 lower at Yuan 100,000/mt DDP China.

The drop in lithium hydroxide price continues the downtrend seen since September 2018. Some in the market expect the price to continue to slide until it sits at little more than the conversion cost over the carbonate price.

However, with the potential for growing demand coming from increases in the production of higher nickel batteries such as the NMC 811, some in the market feel that hydroxide will find support this year. Higher nickel content batteries typically utilize hydroxide for its improved stability in cell manufacturing.

The wider battery-grade lithium market continued to be slow this week, as participants gradually began to drip back from the holiday period, some were

additionally delayed by Spring Lantern Festival celebrations, as such it appears it may take some time for the activity seen prior to the Lunar New Year to pick up again.

A major producer saw lithium carbonate sitting steady at Yuan 78,000-80,000/mt. This was further supported by a Chinese consumer who considered tradeable value to be at the same levels for carbonate on the domestic market, in the longer term he felt that with rising supply in the second quarter would cause prices to come off.

A further consumer saw lithium carbonate stable at Yuan 78,000-80,000/mt on the week, with some domestic brine-originated product trading "cheaper due to lower cost [of production] and higher impurities." He also felt that lithium and cobalt prices would continue to drop due to oversupply, as such he plans not to purchase until mid-March at the earliest.

A Chinese supplier offering lithium carbonate at Yuan 82,000/mt would offer minimal discounts of less than Yuan 1,000/mt for small orders. "Trades increased this week as market participants have returned after the holidays," he said, adding that he

can supply lithium hydroxide fine powder at Yuan 100,000/mt.

Lithium hydroxide was heard traded at Yuan 100,000/mt a producer said this week, commenting that it was a Yuan 5,000 drop on what was achievable prior to the Lunar New Year. Another lithium hydroxide producer also booked trades at Yuan 100,000/mt for fine powder this week.

On the seaborne market lithium carbonate and hydroxide were assessed on a CIF North Asia bases at \$12,550/mt and \$15,400/mt, respectively. This sees the seaborne market continue to sit above the Chinese domestic on a import parity basis, with lithium carbonate equivalent to Yuan 97,758/mt, once 16% VAT and port fees are accounted for. On the same basis, lithium hydroxide is equivalent to Yuan 119,959/mt. The yuan was assessed at 6.7515 to the dollar at 4:30 pm Singapore time Friday.

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Cobalt sulfate prices sink amid weak fundamentals

The S&P Global Platts 20.5% Co battery-grade cobalt sulfate price assessment plunged \$2,700/mt to \$9,900/mt CIF North Asia on Thursday, reflecting offers heard at \$10,000/mt and below under the pressure of dipping Chinese domestic prices.

A major Chinese producer offered Yuan 68,000/mt (\$10,041/mt CIF equivalent) to customers in Japan and South Korea on a CIF basis, adding that market sentiment was pushed off a cliff by the falling electrolytic cobalt metal price globally.

The Platts 99.8% Co cobalt cathode weekly prices fell to two-year lows at \$17-18/lb in-warehouse Europe and \$17-19/lb DDP

US on February 7, more than half the level of historical highs in 1992 and 1981 respectively.

A European producer agreed, putting his offer at below \$10,000/mt CIF North Asia. "The gap between CIF and DDP China prices has already narrowed to a large extent," he added.

Buyers in the seaborne market remained quiet this week on persistent oversupply. "The continuous downtrend in cobalt prices is obvious, even driving down the precursor prices," said a Chinese consumer. A second consumer also saw further price corrections happening in the near future.

Meanwhile, Chinese domestic cobalt sulfate trades were also sparse on weak

demand from end-users due to previous stockpiling activities before the Lunar New Year holiday.

A second Chinese producer offered around Yuan 66,000-67,000/mt DDP China and said he was willing to lower his price on large quantities although there were no takers.

While offers in the domestic market were heard around Yuan 65,500-68,000/mt, tradeable levels were indicated at Yuan 63,000-64,000/mt by Chinese consumers.

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