

METALS DAILY

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BATTERY METALS

Lunar New Year holiday paralyzes lithium market activity; prices hold

Singapore – Trading activity was non-existent in both the seaborne and Chinese domestic lithium markets this week. With Lunar New Year celebrations imminent, Chinese market participants have withdrawn, the seaborne market also followed suit amid a dearth of activity.

Battery-grade lithium market spot market activity dampened heavily on the absence of Chinese participants, highlighting the gravity of China's position as the largest demand base for battery-grade lithium carbonate and hydroxide.

The lull led S&P Global Platts to keep its battery-grade lithium carbonate assessments flat Friday at \$12,700/mt CIF North Asia and Yuan 80,000/mt DDP China. Battery-grade lithium hydroxide also held steady at \$15,800/mt CIF North Asia and Yuan 105,000/mt DDP China.

Both carbonate and hydroxide were still above the Chinese import parity. The \$12,700/mt CIF mark for lithium carbonate

[\(continued on page 2\)](#)

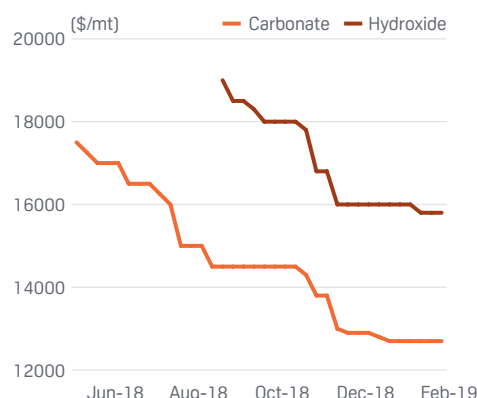
BATTERY METALS

Weekly Prices

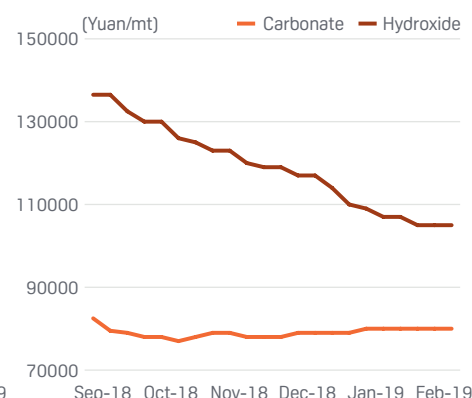
		Change	Date assessed
Lithium Carbonate CIF North Asia (\$/mt)	12700	0	01-Feb-19
Lithium Carbonate DDP China (Yuan/mt)	80000	0	01-Feb-19
Lithium Hydroxide CIF North Asia (\$/mt)	15800	0	01-Feb-19
Lithium Hydroxide DDP China (Yuan/mt)	105000	0	01-Feb-19
Cobalt Sulfate CIF North Asia (\$/mt)	12800	0	01-Feb-19

PLATTS LITHIUM CARBONATE AND LITHIUM HYDROXIDE

CIF North Asia



DDP China



Source: S&P Global Platts

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was equivalent to Yuan 98,824/mt, including 16% VAT, based on the Platts import parity formula. Lithium hydroxide was equivalent to Yuan 122,946/mt on the same basis. The yuan was assessed at 6.7081 to the dollar at 4:30 pm Singapore time Friday.

Market participants began to slow their activities last week, amid the suggestion that material would be difficult to come by given the shutdown of logistics, as such some were already absent this week.

Those who were still active didn't plan to trade this week, aiming to resume business only after the holiday or even later in some situations.

A Chinese supplier source who offers "at slightly higher prices than [overall] market levels" would sell lithium hydroxide at Yuan 108,000-110,000/mt. However, he will be off work during next week.

A supplier based in the Americas didn't see any important market changes, and

would still target sales as \$14,000-15,000/mt CIF North Asia for lithium carbonate and \$15,000-16,000/mt CIF North Asia for lithium hydroxide.

One major Chinese consumer felt that lithium carbonate prices would slide over 2019, potentially falling to as low as yuan 60,000/mt. The consumer felt his bearish outlook justified given his projection that domestic supply in 2019 would far outweigh the level of consumption seen over 2018. He already considered domestic lithium carbonate to be tradeable at Yuan 72,000/mt, some distance below where the wider market saw value. Despite his outlook for domestic lithium carbonate, the consumer still saw seaborne material tradeable at \$13,000/mt delivered into Korea, stating that Japan and South Korea typically sit above China in price.

In addition to the holiday slowdown, several market participants could also be

awaiting the announcement of the new Chinese subsidy policy for electric vehicles. The new regulations, which could reduce the incentives by up to 70% according to some analysts, were expected to be disclosed near the holiday, either right before or right after.

The last change in the Chinese policy in June 2018 triggered a plunge in lithium carbonate prices, while hydroxide stayed supported until the end of the year. This time, although the potential impact in pricing is still unclear, several market participants expect hydroxide prices to keep converging to the carbonate numbers.

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Lunar New Year celebrations halt cobalt sulfate market

Cobalt sulfate market activity plummeted this week as Lunar New Year celebrations began unofficially in China.

S&P Global Platts assessed cobalt sulfate with 20.5% cobalt content unchanged at \$12,800/mt CIF North Asia Thursday.

With the closure of logistics the week prior, any domestic spot trades closed this week would not be moving until after the Lunar New Year; as such, participants from both sides of the Chinese market retired this week.

Along with logistics, customs are expected to be closed over the holiday, preventing clearance procedures being conducted on imports, thus stopping new seaborne material from entering the country.

The absence of Chinese buyers and sellers saw the global market quiet this

week, drawing attention to the influence of China's position as both the world's largest producer and consumer of cobalt sulfate.

Market participants who had not already paused for the holidays considered the shutdown of logistics as the major stopping point for domestic spot trades.

Despite the downturn in trades booked, two producers continued to see tradeable values in the range Yuan 68,000-70,000/mt, consistent with their pricing the week prior.

How the market will trend after the holiday period remains uncertain. There is expectation from some markets participants that prices will fall on inflated sulfate supply, as producers look to sell material built up over the holiday, while others see the inverse, with suggestion

that consumer stockpiles will have dwindled and thus will need replenishment.

In other cobalt sulfate news, Canada-based First Cobalt said Wednesday it plans to be producing cobalt sulfate by the end of the first quarter, the company said Wednesday. Having already successfully tested cobalt hydroxide in its Ontario refinery, the company is now looking at the viability of sulfate.

The testing is designed to influence First Cobalt's decision on what cobalt product the refinery will produce commercially once it goes into full operation sometime next year.

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Platts assesses lithium spodumene concs at \$640 FOB Australia

S&P Global Platts assessed monthly lithium spodumene concentrate, 6% lithium oxide content (SC6), at \$640/mt FOB Australia in its inaugural assessment on Thursday, reflecting the spot price of a minimum volume of 1,000 mt cargoes exported from Western Australian ports.

The lull before next week's Lunar New Year holidays, cash flow pressures and a lack of confidence in near-term lithium carbonate prices were the main pressuring factors for lackluster trading activities this month, sources said. Negotiations for long-term contracts this

year also paused, leaving more uncertainty for market participants.

An East China-based trader said one trader offered several thousand tons of SC6 spodumene concentrate at \$660/mt CIF China Thursday, minimum 6% lithium oxide content, Australian origin, but there

was no taker on the offer made to the public. He said he would be willing to pay a maximum of \$650/mt on a CIF basis.

Platts surveyed market participants earlier on how they would convert CIF China values to FOB Australia, and several indicated freight rates vary from Western Australia to East China from \$10/mt to \$20/mt. Others have cited \$30-40/mt depending on terminals, vessel sizes and other freight terms.

A South Korea-based trader, in negotiations on SC6 prices earlier this month, put his indicative bid at \$670/mt FOB Australia. He also heard there were market

rumors of SC6 prices at \$620/mt DDP China, 16% value-added tax included.

A China-based lithium carbonate producer source also said he had heard contract prices settled at \$690/mt with a major American buyer operating in China, and \$720-\$750/mt with a major Chinese buyer. The American buyer could not comment.

As Platts surveyed the market, the above mentioned price levels were not confirmed and not repeatable.

Indicative bids were heard as low as \$600/mt FOB Australia from China-based lithium carbonate producers, who are the direct users

of spodumene concentrate as feedstocks. On the selling side, an Australia-based mining source said \$600/mt was hard to achieve, putting his tradable level at around \$700/mt, FOB. While a Tokyo-based trader gave a bid indication of \$620-\$630/mt, CIF China basis, the Australia-based miner gave an indicative offer of \$660-\$670/mt to its clients, given current lithium carbonate prices.

On long-term contract price talks, the mining source said: "I think the finalized contract price must be between \$600 and \$700/mt. So this range must be finalized for most 2019 contracts."

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