S&P Global
Platts

METALS DAILY

REPRINT: Volume 8 / Issue 80 / May 3, 2019

BATTERY METALS

Seaborne battery-grade lithium carbonate prices drift sideways in quiet markets

Seaborne lithium prices remained unchanged this week, although some market participants were bearish for the rest of the year.

The Platts Lithium Carbonate CIF North Asia assessment held at $11,350/mt, while Lithium Hydroxide CIF North Asia kept at $15,000/mt. Both references reflect offers, bids and deals for battery-grade material delivered to the main ports of China , Japan and South Korea .

The increasing supply of spodumene produced in Australia was mentioned by a source in the Americas region as the main factor that could trigger another downtrend in lithium prices . “There is so many supply [of spodumene], I believe prices will keep falling — and dragging Chinese lithium prices down too,” he said.

China concentrates the largest portion of the world’s conversion capacity of spodumene into lithium carbonate and hydroxide.

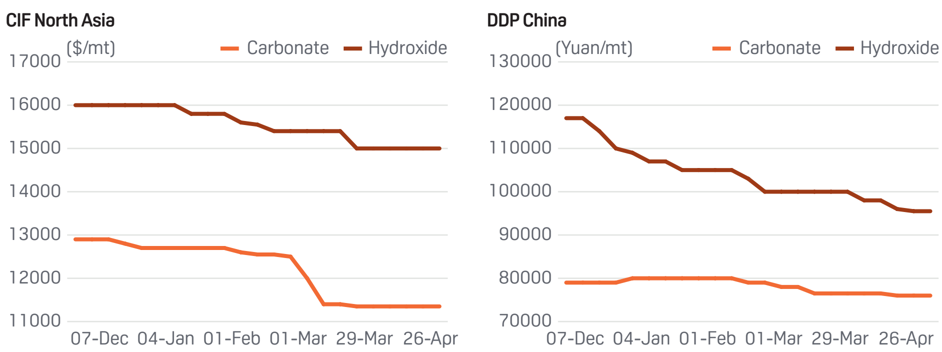
The Platts monthly spodumene concentrate 6% Li FOB Australia assessment fell $15/mt in April versus March to $635/mt.

(continued on page 2)

BATTERY METALS

	Weekly prices	Change	Date assessed
Lithium Carbonate			
CIF North Asia ($/mt)	11350	0	03-May-19
DDP China (Yuan/mt)	76000	0	03-May-19
CIF North Asia Import Parity (Yuan/mt)	86298	-27	03-May-19
Lithium Hydroxide			
CIF North Asia ($/mt)	15000	0	03-May-19
DDP China (Yuan/mt)	95500	0	03-May-19
CIF North Asia Import Parity (Yuan/mt)	114050	-35	03-May-19
Cobalt Sulfate			
CIF North Asia ($/mt)	8450	0	02-May-19
DDP China (Yuan/mt)	51500	0	02-May-19
Lithium Spodumene			
6% Spodumene Concentrate FOB Australia ($/mt)	635	-15	30-Apr-19

PLATTS LITHIUM CARBONATE AND LITHIUM HYDROXIDE



Source: S&P Global Platts

METALS DAILY

Volume 8 / Issue 80 / May 3, 2019

ISSN: 2325-0658

To reach Platts: E-mail:support@platts.com; North America: Tel:800-PLATTS-8; Latin America: Tel:+54-11-4121-4810; Europe & Middle East: Tel:+44-20-7176-6111; Asia Pacific: Tel:+65-6530-6430

In addition to the pressure on the raw material's price , that should weigh on Chinese levels, the current arbitrage between Chinese prices and those from South Korea and Japan should soon vanish, the source said. "The big consumers from JP/KR are all placed in China too, so there's no reason for them to pay above the Chinese price ."

He would expect spot seaborne trades to hover $11,000-12,000/mt for lithium carbonate , with "consumers progressively pushing towards a $13,000/mt mark in the case of lithium hydroxide." Both numbers are on a CIF North Asia basis.

On the other hand, "I think everyone is too pessimistic [about the demand for lithium carbonate], the actual output and demand are quite matching, balanced," said a Chinese supplier who would "follow our number of $16,000/mt" CIF or above it.

"There is no large-scale release on the ore side, there will not be a large surplus, some stocks are normal in the first half, and will be digested in the second half," he said, adding that the inventories level in the second half "are not so high."

He saw lithium carbonate tradable on a $13,000-15,000/mt CIF South Korea , but added that $14,000/mt CIF would be "too low to deal with" Japanese customers, who are "looking for stable supply." He rated Korean customers as "more price sensitive," while the Japanese are "more conservative."

Buyers in North Asia kept quiet this week, as the biggest two consuming countries, China and Japan were both closed for official holidays Friday.

The Platts $11,350/mt CIF mark for lithium carbonate was equivalent to Yuan 86,298/mt, including 13% VAT, based on the Platts' import-parity formula, while lithium hydroxide's price at $15,000/mt was equivalent to Yuan 114,050/mt on the same basis. The Yuan was assessed at 6.7286 to the dollar at 4:30 pm Singapore time Friday.

— Henrique Ribeiro, henrique.ribeiro@spglobal.com
— Xinyue Zhang, xinyue.zhang@spglobal.com

Chinese lithium prices rangebound on muted activities amid national holidays

S&P Global Platts assessed battery-grade lithium carbonate at Yuan 76,000/mt DDP China and battery-grade lithium hydroxide at Yuan 95,500/mt DDP China on Friday, both unchanged week on week in the absence of active market participants amid national holidays in the country.

However, a Chinese producer earlier this week saw "industrial grade lithium carbonate supply a bit tight," opening room for its price to move up, while battery-grade carbonate kept tradable at Yuan 77,000/mt on a DDP China basis for high-grade products.

He added that he didn't expect any significant changes in market fundamentals during summer as the demand "should keep stable and balanced supply and demand."

A source in the Americas region, however, believes "it doesn't make much sense to see industrial grade's price going up" since "most of the new spodumene supply will likely be converted into industrial grade product in a first moment" due to the required learning period before being able to produce battery grade product."

He saw Chinese domestic prices equivalent to "not more than $11,300/mt" including the 13% VAT, which convert to around Yuan 76,000/mt DDP. "Chinese export prices probably are already matching their domestic numbers," he added.

— Henrique Ribeiro, henrique.ribeiro@spglobal.com
— Xinyue Zhang, xinyue.zhang@spglobal.com

Spodumene concs prices fall on slow demand, sufficient supplies

S&P Global Platts assessed lithium spodumene concentrate, 6% lithium oxide content (SC6) at $635/mt FOB Australia in April, down 2.3% from March, reflecting the spot price of a minimum volume of 1,000 mt cargoes exported from Western Australian ports.

Australian miners in general kept high inventory levels in the first quarter, because of the delay in finalizing quarterly contracts this year amid a sluggish lithium carbonate market and supply glut in raw materials, sources said.

A main East China -based lithium converter cited slow demand and sufficient supply as the two major pressuring factors on spodumene concentrate. "Many new projects planned this year have been delayed, and expansions of existing projects were only partially completed, including us," he said. "There is more than enough supply. It only takes about two to three months for the miners to commercialize their new production," he added.

A top tier Southwest China -based lithium converter agreed that inventory levels were high over January to March, but should decline heading into the second half of this year on steady consumption in lithium carbonate and hydroxide.

"I think many people were way too pessimistic about the Chinese lithium carbonate market a few months ago. From our analysis, actual output volumes match demand from the battery sector," said the converter source, expecting a relatively balanced supply and demand outlook in lithium chemicals in 2019.

Market participants said miners could possibly succumb to discounting month on month to $650/mt FOB Australia in order to turn inventory.

A buyer in China reported unconfirmed deal levels at $650-$660/mt CIF China , equivalent to around $620/mt FOB Australia , on roughly $40/mt freight costs from Western Australia to China's Jiangyin Port with 10,000 mt vessels.

Another China -based international lithium converter agreed prices are around those levels. "Nobody could tell a single tradable number [for SC6] now," he added.

A trader agreed the spodumene

concentrate market was sluggish. "Everybody is in wait and see mood," the trader said. "Australian miners won't lower their offers much due to high cost. Meanwhile Chinese buyers sitting on many stocks locked by long term contracts are reluctant to buy at the moment." The trader put indicative bids at $550/mt FOB Australia and indicative offers at $620/mt CIF China .

Though some market participants Platts surveyed disagreed with the $550/mt indicative bid, many said $650/mt and below was a reasonable number.

Looking further ahead, a Chinese buyer expected slightly lower spodumene concentrate prices in the third quarter. "I am not surprised if it traded at $620/mt CIF China in Q3," he said.

— Xinyue Zhang, xinyue.zhang@spglobal.com

Cobalt sulfate prices drift amid holiday slowdown

The S&P Global Platts price assessment for cobalt sulfate (20.5% Co) was unchanged at $8,450/mt CIF North Asia on Thursday for cargoes delivered to major ports in China , Japan and South Korea , as holidays in Asia brought trade to a halt.

The Chinese domestic 20.5% Co cobalt sulfate price was assessed at Yuan 51,500/mt DDP China , unchanged from April 25.

No trades, bids, offers and price indications were reported Thursday. China is officially closed for Labor Day holidays from May 1-4, while Japan is closed for Golden Week holidays from April 29 to May 6.

— Xinyue Zhang, xinyue.zhang@spglobal.com

Australia's Alliance ramps up lithium output at Bald Hill

Australia's Alliance Mineral Assets said Wednesday it ramped up lithium concentrate production at its Bald Hill mine by 68% to 38,291 wet mt over January-March from the preceding October-December 2018 quarter.

The mine, which was commissioned in March 2018, is on track to produce between 65,000 wmt and 80,000 wmt of lithium concentrate at 6% Li20 over January-July, the company said in a production report. Over April 1-28, it produced 13,315 wmt at 6.29% Li20, it added.

Bald Hill shipped 44,305 dmt of lithium concentrate over January-March to China's Jiangxi Bao Jiang Lithium Industrial, as well as a trial parcel to a new customer, the company said.

The miner said it is progressing a lithium hydroxide downstream joint venture agreement with Jianxi Special Electric Motor and is in negotiations for the remaining unallocated long-term production.

Alliance said its lithium concentrate production costs for the quarter were around $553/wmt, down 33% from the December quarter, and its average selling price $780/dmt basis 6% Li20.

Separately, fellow Western Australian miner Mineral Resources said Wednesday that the sale price for its Mt Marion lithium project's 6% lithium concentrate shipments in the April-June quarter will be $682.38/dmt, down from its realized price of $791.84/dmt for the March quarter.

Mt Marion shipped 111,000 wmt of lithium concentrate in the March quarter, up 29% on year and up 18% on quarter, and was expected to reach its nameplate capacity of 450,000 dmt/year during the current quarter, the company said.

Bald Hill is located in the eastern goldfields region of Western Australia , about 75 kilometers east of the Mt Marion project and 350 km by road from Esperance port.

— Nathan Richardson, nathan.richardson@spglobal.com

SQM to increase lithium hydroxide capacity by 16,000 mt/year

Chilean lithium producer SQM will increase its lithium hydroxide capacity in Chile by 16,000 mt/year with two new plants expected for 2021, the company said Tuesday.

Each plant will have an installed capacity of 8,000 mt/year of lithium hydroxide, SQM said.

The capital expenditure is expected to be $100 million.

The company said it is expanding its lithium carbonate plant to around 180,000 mt/year from 70,000 mt of capacity.

"SQM believes that the lithium market remains strong, and that the market could reach 1 million mt in 2025, at which time SQM hopes to have a market share of approximately 15% to 20%, given its ambitious growth plans," it said.

SQM also said it keeps moving forward with its expansion plans in Australia , but did not give any more details. The company had paid $30 million to Kidman Resources in 2017 for 50% of its Australia Mt. Holland project.

SQM reported shipments of 45,100 mt of lithium carbonate equivalent in 2018, and net sales of $734.8 million, leaving the average price at $16,292/mt, 25.6% higher than in 2017.

SQM produces lithium hydroxide in its Salar del Carmen plant, near Antofagasta , Chile , from lithium carbonate produced in the same plant.

— Guilherme Baida, guilherme.baida@spglobal.com

Pilbara Minerals, Altura report little impact from cyclone

Australian lithium producers, Pilbara Minerals and Altura Mining, reported only minor impacts from tropical cyclone Veronica, which hit the country's west coast during March, the two said in separate quarterly reports Monday.

"Mining activities at the Pilgangoora Project continued to progress well (albeit with minor impact from cyclone Veronica late in the quarter), with increased mining volumes from the prior quarter being consistent with the overall project ramp-up plan and requirements for increased ore feed," Pilbara Minerals said in the report.

Total material mined by Pilbara Minerals via its flagship Pilgangoora project was 2.99 million wet mt in the March quarter, up 63% year on year and 2% quarter on quarter.

The project, which had construction completed in July last year and the first spodumene concentrate shipped October 2, sold 38,562 dry mt in the March quarter, down 17% from the October-December period, it said. Three shipments were completed with one being delayed because of the cyclone, it said.

"The product was a blend of coarse and fines concentrate to achieve contracted grade specification and was shipped to offtake partners in north Asia ," it said.

"One of these shipments allowed for the blending of some 'off-specification' concentrate produced early in the commissioning cyclone, which resulted in 9,090 dmt of product grading 5.81% lithia being sold," it said.

Pilbara Minerals received the price for contracted deliveries on an SC6.0 basis at $675/dmt CIF China , it said.

Altura, with its neighbouring Altura Lithium Mine at Pilgangoora, saw the total material mined of 622,929 billion cubic metres during the March quarter, stable compared to the two previous quarters.

"Mining targets were achieved for the quarter despite the time lost to severe tropical cyclone Veronica, which caused some disruption in late March and resulted in a loss of approximately 2,750 mt of production," the company said.

It shipped two cargoes during the period – totalling 14,770 wmt, which was down 40% from the October-December period. Like Pilbara Minerals , Altura also had a cargo delayed because of the cyclone and that was then shipped in the first week of April.

"All cargoes have has been in line with or exceeded customer expectation, with a weighted average of 5.9% Li20, 1.5% Fe203, 1.1% Mica and 5.8% moisture. The average pricing received for these cargoes was $601/dmt," it said.

Altura declared commercial production at the mine in March. At full production, the mine is expected to produce about 220,000 mt of lithium spodumene concentrate/year.

— Nathan Richardson, nathan.richardson@spglobal.com

Highlands Pacific shareholders approve takeover by Cobalt27

Shareholders of Australian -Papua New Guinea exploration and nickel mining group Highlands Pacific have approved a US $65 million takeover offer from Canadian battery metals streaming and investment vehicle Cobalt27, the latter said Tuesday.

Highlands Pacific's principal asset is its 8.5% interest in the Ramu nickel -cobalt mine in Papua New Guinea . It achieved record production in 2018 of 35,535 mt of nickel and 3,275 mt of cobalt .

In a statement, Cobalt27 said Highlands' interest in the Ramu mine will increase to 11% once its share of the Ramu project loan is repaid to the project manager and joint-venture partner Metallurgical Corporation of China .

Highlands is jointly listed on the Australian Stock Exchange and the Port Moresby Exchange in Papua New Guniea.

The company will now apply to the National Court of Papua New Guinea for orders to approve the takeover, Cobalt27 said. If the court grants approval, Cobalt27 will acquire all of the issued share capital of Highlands it does not already own for an all-cash offer price of 10.5 Australian cents/share. If before December 31, 2019, the cash closing settlement price for nickel on the London Metal Exchange has been $13,220/mt or higher for a period of five consecutive days, Cobalt27 will also offer a further 1 cent (Australian)/share. This contingent purchase price is worth a further US $6 million, Cobalt 27 said in a statement.

The LME cash settlement for nickel on Tuesday was $12,360/mt.

Highlands also has a 20% interest in the Frieda-River copper -gold project, also in Papua New Guinea , and has other exploration projects in the country.

Earlier this year, Justin Cochrane, president and chief operating officer of Toronto-based Cobalt27, said the nickel industry needed to invest $70 billion to meet expected demand for nickel by 2030. Other nickel mining groups have made similar comments about the level of investment required after years of underinvestment in nickel . Last October, Paul Casbar, regional sales manager for the US for Vale , also said last October the industry needed to invest $70 billion to meet expected nickel demand growth, driven by batteries for electric vehicles. However, he told the S&P Global Battery Metals Conference in Brooklyn, New York , it would take "prices above $20,000/mt sustained to incentivize such investment."

Cobalt27 owns 2,905.7 mt of cobalt , valued at about $102 million at current physical market prices. The metal is held in warehouses across North America and Europe and was acquired during the course of 2016 and 2017.

— Anthony Poole, anthony.poole@spglobal.com

Glencore cuts copper, cobalt guidance on safety, uranium

Diversified commodities producer and trader Glencore has cut its 2019 guidance for copper production from its mines in Zambia and the Democratic Republic of Congo and cobalt production from the DRC due to safety concerns, and a weak first-quarter, its said in a statement Tuesday.

Q1 output for most metals and coal missed analysts' expectations.

Copper production guidance for the year has been cut by 3% to 1.46 million mt due to Mopani (Zambia) related safety and smelter outages and a range of mine plan updates at other operations, the company said in a statement.

Nickel guidance is down 7% to 129,000 mt, primarily affecting a weaker than expected start to the year at Koniambo, New Caledonia . Ferrochrome production guidance is down 3% to 1.64 million mt, on additional maintenance and extended winter shutdowns because of reduced power availability and challenges in South Africa , it said.

Glencore now expects that at its DRC subsidiary Katanga, 2019 production of copper and cobalt will be lower than the previously provided guidance of approximately 285,000 mt of copper and approximately 26,000 mt of contained cobalt , as the company seeks to improve the overall performance at the mine and cut costs. "Key current priorities remain construction and completion of the acid plant, cobalt projects and ion exchange plant," it said. However, Katanga's "long-term production of 300,000 mt a year of copper cathode and 30,000 mt a year of cobalt contained in hydroxide on average over life of mine remains unchanged," it said.

Some of the company's Q1 production missed estimates, according to BMO Capital Markets' Edward Sterck, who saw copper and zinc output 11% under expectations, nickel and cobalt 18% below, and thermal coal missing expectations by 5%

Glencore's own sourced copper production of 320,700 mt was 7% lower than Q1 2018, mainly reflecting: reduced integrated metal production in Australia due to severe flooding in Queensland ; impact of safety-related stoppages and smelter outages at Mopani and Alumbrera open-cut depletion and sale of Punitaqui in the second half of 2018, the company said.

Katanga made no cobalt sales in Q1, "as it is managing through a period of generally excess uranium content in its cobalt material, thereby constraining exports," it said. Glencore's own sourced cobalt production of 10,900 mt was 3,900 mt, 56% higher than Q1 2018, including 3,500 mt from Katanga, it said.

From April 2019, Katanga's export and sale of a limited quantity of cobalt , complying with appropriate regulations, has been allowed to resume, Glencore said. "Such resumption of exports remains subject to the relevant DRC export procedures, which include continued monitoring by the relevant authorities," it said.

The company's own sourced zinc production of 262,300 mt was 8% higher than Q1 2018, mainly reflecting the restart of the Lady Loretta mine in Australia , partly offset by lower own sourced production at Kazzinc, reflecting the impact of a safety-related investigation at one mine.

Its own sourced nickel production of 27,100 mt was 10% lower than in Q1 2018, reflecting severe weather in Canada , which affected the timing of deliveries to the Nikkelverk refinery, and maintenance at Koniambo. Attributable ferrochrome production of 402,000 mt was in line with Q1 2018.

— Diana Kinch, diana.kinch@spglobal.com