

Lithium production expansion plans unable to ease spot prices

- [Tweet](#)
-
- inShare

Plans to expand lithium production have been unable to ease lithium spot prices outside of China, while the Chinese market decelerates ahead of the Lunar New Year.

Global lithium spot prices* have been unaffected by recent news of Sociedad de Quimica y Minera SA's (SQM) ability to increase production by 2025, after being highly discussed by lithium producers and consumers in past weeks. The [recent agreement reached](#) between Chilean Economic Development Agency Corfo and SQM enables SQM to increase its lithium production five-fold to 216,000 by 2025, as stated by Corfo vice president Eduardo Bitran during a press conference.

Although SQM could increase production five-fold by 2025 this won't happen overnight, as many speculate, and the company has not offered guarantees that it would increase production in such a proportion by the stated year either.

Different lithium producers and consumers have discarded the idea that the lithium market will be oversupplied in the near future. Instead, they expect a much slower expansion of production over the next few years by the likes of SQM, Albemarle, FMC or Ganfeng, among others.

"The lithium carbonate global contract and spot markets remain quite tight while prices won't soften any time soon," a lithium producer told Industrial Minerals. "Despite all the press we have read around the Corfo-SQM agreement, increasing production by five-fold by 2025 seems quite unrealistic." The same producer added.

"We have heard people saying that lithium prices will plummet overnight and SQM will more than double production by 2018, but all these talks seem quite far away from market reality," a li-ion battery manufacturer told Industrial Minerals.

Chinese market

China's domestic lithium carbonate (Li_2CO_3) and lithium hydroxide monohydrate ($\text{LiOH}\cdot\text{H}_2\text{O}$) spot markets have noted a deceleration over the course of the past week, with just a small price adjustment ahead of the Lunar New Year break.

Central and local government subsidies remain a major concern among new energy vehicle (NEV) producers, who are decelerating production of low range NEVs and focusing on selling cars that are already in stock.

"Demand for battery grade lithium products is not great as the subsidy will not apply to low range vehicles, and the low range vehicle producers are now suspending production and focusing on selling inventories," a Chinese battery manufacturer told Industrial Minerals.

"The market has decelerated [after] having difficulties transporting material at this point of the year due to the Lunar New Year," a Chinese lithium producer told Industrial Minerals. "We have not seen a big change in the lithium carbonate battery grade Chinese prices." They added.

Prices have remained fairly stable with only small price adjustments following the market's deceleration.

Lithium Compounds	February 8 2018	February 1 2018
-------------------	-----------------	-----------------

	New Low	New High	Previous Low	Previous High
Lithium carbonate min 99% Li ₂ CO ₃ technical and industrial grades, spot prices ex-works domestic China, RMB/tonne	145,000	150,000	145,000	152,000
Lithium carbonate min 99.5% Li ₂ CO ₃ battery grade, spot prices ex-works domestic China, RMB/tonne	145,000	155,000	150,000	155,000
Lithium hydroxide monohydrate min 56.5% LiOH·H ₂ O technical and industrial grades, spot prices ex-works domestic China, RMB/tonne	140,000	145,000	140,000	145,000
Lithium hydroxide monohydrate min 56.5% LiOH·H ₂ O battery grade, spot prices ex-works domestic China, RMB/tonne	148,000	153,000	148,000	153,000

Source: Industrial Minerals

Seaborne markets

The lithium carbonate and lithium hydroxide monohydrate seaborne markets have witnessed an uptick in prices, unmuted by the recent news about the Corfo-SQM agreement.

Some lithium suppliers remain quite engaged with the China, Japan and Korea consumption hub, however, as the Lunar New Year break approaches lower levels of market activity are expected in the forthcoming weeks.

"We remain quite active having reached higher prices in our sales to China, Japan and Korea, however, the closure of the Chinese market will decelerate the whole region within the following weeks," a lithium supplier told Industrial Minerals.

"We have entered a period of contract and spot market negotiations with some of our customers and anticipate market activity slowing until the end of February as China will be on holidays," a second lithium supplier told Industrial Minerals.

Prices have picked up in the region ahead of the Lunar New Year but slowing market activity is anticipated until the end of February.

Lithium Compounds	February 8 2018		February 1 2018	
	New Low	New High	Previous Low	Previous High
Lithium carbonate min 99% Li ₂ CO ₃ technical and industrial grades, spot prices CIF China, Japan & Korea, \$/kg	17.5	19.5	16.5	18.5
Lithium carbonate min 99.5% Li ₂ CO ₃ battery grade, spot prices CIF China, Japan & Korea, \$/kg	19	21	18.5	20

Lithium hydroxide monohydrate min 56.5% LiOH ₂ O technical and industrial grades, spot prices CIF China, Japan & Korea, \$/kg	19	21	19	20
Lithium hydroxide monohydrate min 56.5% LiOH ₂ O battery grade, spot prices CIF China, Japan & Korea, \$/kg	19	22	19	22

Source: Industrial Minerals

Europe, North America

In Europe and North America, the lithium carbonate and hydroxide monohydrate spot prices adjusted slightly due to higher price trades across the week, however, the market has seen a typically low level of spot trades.

"We have achieved some lithium carbonate sales in Europe and US over the course of the week however the market has remained typically slow having been more focused on selling material to China, Japan and Korea," a lithium supplier told Industrial Minerals.

"We are in the middle of price negotiations, however would expect all our material to be traded between \$19-20 per kg price range," a second lithium supplier told Industrial Minerals.

European and North American prices increased, yet the respective markets were acknowledged to be fairly stable, according to lithium market participants.

Lithium Compounds	February 8 2018		February 1 2018	
	New Low	New High	Previous Low	Previous High
Lithium carbonate min 99% Li ₂ CO ₃ technical and industrial grades, spot prices DDP Europe and US, \$/kg	17	19	16	18
Lithium carbonate min 99.5% Li ₂ CO ₃ battery grade, spot prices CIF China, Japan & Korea, \$/kg	18	19	18	19
Lithium hydroxide monohydrate min 56.5% LiOH ₂ O technical and industrial grades, spot prices CIF China, Japan & Korea, \$/kg	19	21	19	20
Lithium hydroxide monohydrate min 56.5% LiOH ₂ O battery grade, spot prices CIF China, Japan & Korea, \$/kg	20	21	20	21

Source: industrial Minerals