Supply squeeze risks are pushing lithium price higher and higher

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Distrito Federal, Brazil Jul 15, 2022 (Issuewire.com) - Lithium has hit the ground running in 2022 with a fresh price spike that hands electric-vehicle makers more warning of even sharper cost pressures to come.

Supplies of the mainstay battery material face a series of near-term risks that threaten deeper shortages just as demand accelerates with rising global EV adoption. This is set to ratchet up the squeeze on EV manufacturers after a year that saw global lithium prices almost quadruple. Lithium carbonate is up 13% already this year at a new record, adding to a gain of more than 400% in 2021.

“The lithium market is extremely tight at present, so spot prices are very sensitive to any supply disruptions. Lithium’s stunning start to the year echoes broad expectations for more price gains. Short-term supply disruptions add to a longer-term picture in which a fast-expanding global lithium sector is struggling to keep pace with sizzling demand from customers.” said Jack Donnell, Operations Director at Kess Energy

Gains for other commodities mean battery costs this year could rise for the first time since 2010, according to Bloomberg NEF. Nickel, also an important battery ingredient, just rose to a nine-year high.

Companies like Kess Energy in Brazil are rising to the challenge of supply shortages by expanding operations and acquiring new mining sites. With fresh government licenses and a huge recruitment push along with 3rd party contractors, Kess is aiming to increase production by 15% by Q4 this year.

The company, which focuses on hard-rock lithium from high-grade spodumene pegmatites, now has direct ownership of projects in a triad of strategic minerals including lithium.

“Lithium is in high demand worldwide and Brazilian lithium reserves are now recognized as some of the best in yield and purity upon processing,” Jack Donnell, Operations Director at Kess Energy said in a media statement.

To find out more information about the acquisition please don’t hesitate to contact us.

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