



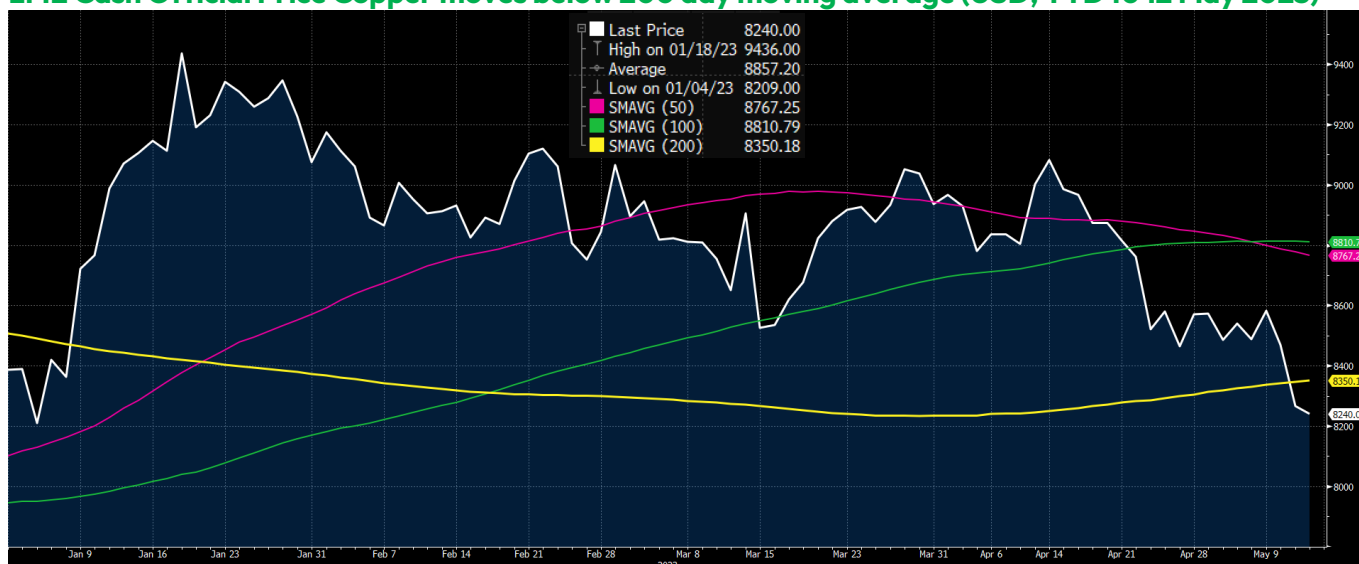
M&A comes to the lithium sector as Alkem and Livent announce merger

Lithium stocks received a boost on the back of the [announcement](#) of the merger between Alkem (AKE AU) and Livent (LTHM US). The combination will create a lithium producer with mines in Argentina, Australia and Canada. The NewCo will be the world's third-biggest lithium producer behind Albemarle and SQM in terms of estimated lithium carbonate annual production capacity by 2027, with estimated annual production of 248,000 tonnes. The merger is expected to deliver operating synergies of approximately US\$125 million per annum and one-time capital savings of approximately US\$200 million, driven mainly by asset proximity and co-development in Argentina and Canada.

Chile's senate [approved](#) a new mining royalty bill, which will now go to the lower chamber for final approval. The bill had initially proposed a ceiling of 50% but this met resistance from the mining industry. In the latest iteration the bill proposes a top rate of 46.5% for companies that produce over 80,000 tonnes of fine copper a year, and 45.5% for production in the 50,000-80,000 range. For mining companies whose sales exceed 50,000 tonnes of fine copper, the bill includes provision for a 1% ad valorem tax, as well as an 8-26% tax on profit depending on margins.

Northvolt and Prologium Technology separately announced plans to build gigafactories in Europe. Northvolt will build its plant in Heide, Germany, and will benefit from [reported](#) pledges of support of €1 billion from the German state. It is targeting a production start in 2026 and annual capacity of 60 gigawatt-hours (GWh) when it reaches full product capacity. President Macron [announced](#) that Taiwan's Prologium, which is focused on solid state battery technology, would make an investment of €5.2B to set up 48 GWh gigafactory in Dunkirk, which could supply up to 750,000 EVs per annum. He also [announced](#) that Chinese group XTC New Energy Materials plans to set up a joint venture with France's Orano for the production of cathode material in lithium batteries in Dunkirk.

LME Cash Official Price Copper moves below 200 day moving average (USD, YTD to 12 May 2023)



Source: Bloomberg

Metal prices

| Metal | Price USD (12 May) | Weekly change % | Year-to-date change % | Price vs 200 day moving average | Price vs 52 week high |
|-----------|--------------------|-----------------|-----------------------|---------------------------------|-----------------------|
| Gold | 2019.9 | 0.9% | 11.4% | 111.3% | 98.6% |
| Silver | 23.855 | -7.7% | -0.4% | 110.1% | 91.7% |
| Palladium | 1546 | 6.3% | -12.9% | 85.5% | 66.8% |
| Platinum | 1081 | 3.5% | 4.8% | 111.4% | 95.8% |
| Cobalt | 31140.3 | -2.2% | -27.9% | 69.6% | 35.5% |
| Copper | 8240 | -2.9% | -1.8% | 98.7% | 84.8% |
| Nickel | 22285 | -6.4% | -26.8% | 90.6% | 71.4% |

Bloomberg codes: GOLDLNPM, SLVRLND, PLDMLNPM, PLTMLNPM, BYW1, LOCADY, LONIDY

Notes. All performance data to 12 May 2023. Past performance is not an indicator of future performance and the value of an investment may fall as well as rise. Investors take on currency risk when taking unhedged exposure to commodities.

The week ahead

| | |
|--------|---|
| 15 May | EU: Industrial Production; US: NY Empire State Manufacturing Index |
| 16 May | CN, US: Industrial Production; CN: Retail Sales; EU: Balance of Trade, GDP Growth Rate; US: NAHB Housing Market Index |
| 17 May | CN: House Price Index; EU: Inflation Rate; US: Housing Starts |
| 18 May | JP: Balance of Trade; US: Philadelphia Fed Manufacturing Index, Existing Home Sales |
| 19 May | DE: PPI; JP: Inflation Rate; UK: Gfk Consumer Confidence |

Further reading

- Bloomberg [Why the Fight for ‘Critical Minerals’ Is Heating Up](#)
- Bloomberg [As Breakthrough EV Battery Pursuit Falts, QuantumScape Seeks Hedges](#)
- Cobalt Institute [Cobalt Market Report 2022](#)
- Reuters [Column: World needs battery metals, but miners foiled by prices, activists](#)
- Reuters [Albemarle aims to expand Chile lithium mine in 2028 with new technology](#)

Metal Research Major Exchanges Total Copper Inventories (MT)



Data: as at 11 May 2023

Source: Bloomberg

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