

China Controls the Lithium Market and All the West Can Do (For Now) is Watch

written by Jack Lifton | March 27, 2023

Are lithium prices in free fall? Probably not. They are just moving to adjust supply to demand in China, and this is happening much faster than usual. The market is trying to “discover” the prices of lithium carbonate and lithium hydroxide. But this market is **not** controlled from New York or London, so traders there can only watch.

The global mining industry has been put on the path of a reckless exhaustion of natural resources by the largest commodity asset price inflation in history, caused, perhaps purposely, by America’s wanton “quantitative easing,” aka “printing money.” One result of this essentially free money was to allow the financializers to churn the world’s manufacturing industries’ enormous cashflow, particularly that of the OEM automotive industry, through the financial/political grinder. This event has now, in my opinion, brought that industry to its knees.

Along the way, it was necessary to develop the theme (fantasy?) of human being able to control the earth’s weather (aka, climate) by simply eliminating the use of the most widely available source of cheap energy, fossil fuels, which created our contemporary world’s economic progress for the last two centuries. Fossil fuels sustain our global economy as well as provide its ability to grow. Replacing it with a controlled and constrained energy industry that favors only the politically connected and richest individuals will ultimately reduce the majority of mankind back to expensive energy-caused penury thus

reversing the growth of the last two centuries.

China and Lithium Prices

Gambling is very much a part of Chinese culture no matter what type of government the Middle-Kingdom has. Chinese traders love to bet on prices; they love to build and manipulate inventories to try to control prices.

Two-thirds of the world's lithium, the most critical component of a lithium-ion battery is refined in China and 80% of the world's lithium-ion batteries are made there.

The price of lithium is set in China and the market manipulations of Chinese trader-gamblers set that price.

Americans are shocked, shocked when the LME discovers that a nickel trader has deposited bags of stones rather than nickel metal as collateral.

In China, traders do not trust each other's counts of physical inventory, and do the "bags of stones" thing a lot.

Lithium Prices and Western Ideas

It's recently been said that Americans all too often presume that everyone else aspires to live and think as we do. Others must share our values, if only in secret, or at least be eager to learn them. This is a dangerous attitude to take with any nation or culture, but perhaps especially so with Russians and Chinese.

Its also been said that Western governments are filled to the brim with people entirely lacking in real-world experience or specialized knowledge.

The lithium markets are just reacting to forces that the USA and

Europe do not control or really understand.

Grab you're a** and hold on.