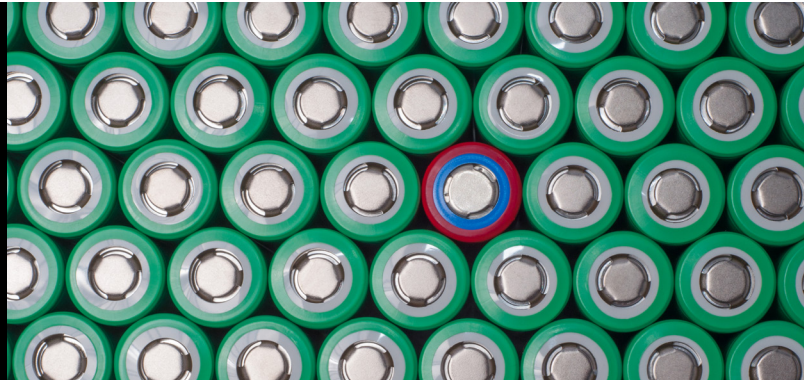


## Argus White Paper: Demand for battery metals still set to surge through the next decade



### China leads the world in EV sales, but Europe is catching up

Global electric vehicle (EV) sales are currently concentrated in three regions: China, Europe, and the US. There are some sales of the vehicles outside these three regions but they are relatively small in comparison.

The market share for electric vehicles (EVs) in the EU rose in the second quarter of this year, despite the overall year-on-year decline in passenger car registrations. In the second quarter, the market share for EVs rose to 7.2pc of total passenger car registrations, significantly up from 2.4pc in the same period of 2019, according to data from the European Automotive Manufacturers' Association (ACEA).

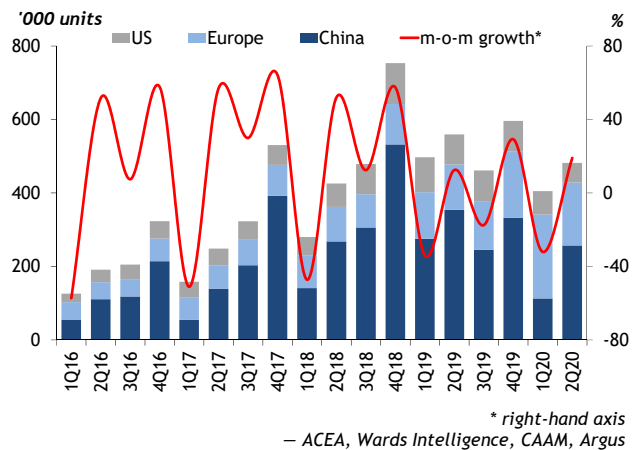
The overall number of electrically chargeable vehicles (ECVs) registered in Europe rose to 129,344, up by 53.3pc. Sales of plug-in hybrid EVs were higher, at 66,128 new registrations, a rise of 133.9pc, while battery electric vehicles were up by a more modest 12.7pc to 63,216 units.

Of Europe's largest markets, France showed the strongest growth in ECV registrations, with the number of cars rising by 106.6pc to 29,832. In Germany, Europe's largest car market, registrations were up by 70.5pc to 41,532 units. Italy's registrations also rose, by 39.8pc to 7,389.

### EV sales in China beginning to make up lost ground

Chinese output of new energy vehicles (NEVs) in August increased from a year earlier, driven by stimulus packages offered by the central and local governments to boost vehicle sales. China produced 106,000 NEVs in August, up by 17.7pc from a year earlier, with sales up by 25.8pc to 109,000, according to data from China's automotive manufacturers association (CAAM). The numbers exclude output from US electric vehicle manufacturer Tesla's Shanghai factory.

### Quarterly EV sales



Chinese NEV production during January-August totalled 602,000, down by 26.2pc from a year earlier. Sales decreased by 26.4pc to 596,000 over the same period, with higher output in recent months outweighed by the overall impact from the Covid-19 pandemic.

China's newly installed capacity and production for batteries also increased in August during the industry's traditional high season and on a recovery in demand from the NEV sector. Newly installed capacity rose to 5.1GWh in August, up by 2.2pc from July and by 48.3pc from August 2019, according to CAAM. August production was 7.4GWh, up by 22.4pc from July and by 11.7pc from a year earlier.

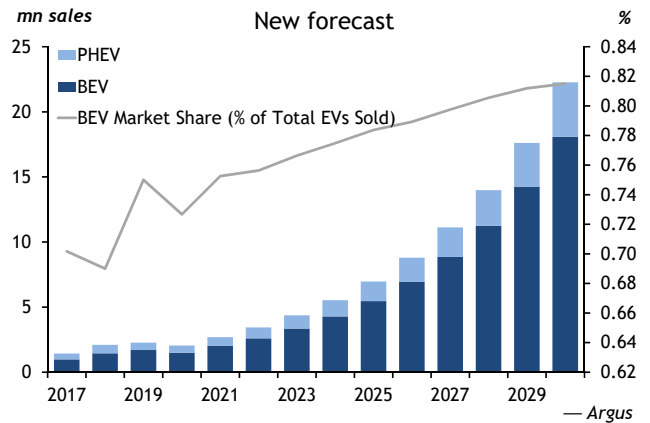
China's January-August newly installed capacity and production for batteries used in NEVs fell by 27.6pc and 33.6pc from a year earlier, respectively, because of the impact of the Covid-19 pandemic in the first quarter.

## Demand for battery materials still forecast to surge over the next decade

Demand for battery materials is expected to surge in the coming decade, despite the hiatus in growth caused by the Covid-19 outbreak. EV sales are forecast to decline by 5-6pc year on year in 2020 to 2.1mn units, with BEV sales falling by 9pc, but plug-in hybrid (PHEV) sales are forecast to rise by 3pc on the back of strong European demand

Argus forecasts total EV sales of 7.2mn in 2025, with 5.7mn BEVs and 1.5mn PHEVs sold. By 2030, 23mn units will be sold, or 18.8mn BEVs and 4.3mn PHEVs. Some 82pc of EVs sold globally in 2030 will be BEVs and 18pc PHEVs, increasing the average battery size per EV

Global annual forecast



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