

Eurasian Resources Group Cobalt Market Outlook

By Benedikt Sobotka, CEO of Eurasian Resources Group

“The outlook for cobalt demand is compelling, and it is therefore incumbent on us all to redouble our efforts, and despite the short-term swings of sentiment and all the recent market volatility, increase the much-needed investments in mining and refining of cobalt as the key metal required for the green energy transition.

While in 2024, according to CRU, the expected cobalt supply could potentially record an impressive 20% YoY growth, this should be largely outpaced in the following years by consistently increasing demand. The recent projections by BMI assume that demand for cobalt will double by 2030 in comparison to this year's levels, and primarily driven by the rapidly growing EV's battery sector. The Combined EV sales in EU, EFTA countries and the UK increased by 30.1% YTD compared to just 8.6% during the same period last year; EV sales in US and Canada increased by 59.1% YTD vs 40.8% last year.

A further robust growth in the electric vehicle market will be underpinned by several factors. Regulatory and fiscal initiatives such as the 'Inflation Reduction Act' and the 'European Green Deal' are set to further accelerate the rate of EV adoption over the coming years. These initiatives create a favorable environment for EV sales growth, particularly in regions like the European Union, where a 31% YoY growth is expected, as well as in the US and Canada, where a 43% YoY increase is anticipated in 2024.

The decline in the global weighted average price of lithium-ion cells, which has fallen below USD 100/kWh, is a significant contributing factor. Recent data from the Benchmark Lithium-ion Battery Cell Price Assessment shows an average price of USD 98.2/kWh, representing a substantial 33% decrease from the price recorded in March 2022 when it had peaked at USD 146.4/kWh. This price decline supports EV production and sales by making EVs more cost-effective and accessible to consumers.

In 2024, Rho Motion forecasts that global EV sales will continue to surge, reaching 18.7M units, with electric vehicles accounting for 21% of all car sales, up from 13% in 2022. According to CRU, cobalt demand for EV batteries will reach nearly 145kt in 2024, which is equivalent to total EV demand in 2021 and 2022 combined.

In 2024-25, we also anticipate a resurgence in the portable electronics market, driven by both economic recovery and the natural refresh cycle that will stimulate sales. Our optimism is primarily fueled by the growth of markets in developing economies and an increasing surge in demand within the power tools and e-micromobility sectors.

We also expect a stable recovery and sustained growth in the aerospace and medical sectors, which will continue to underpin the metal demand for cobalt globally.”