



Midas Letter

Gold, Silver, Energy, Commodities, Economics

Last Update: April 2, 2009

Uranium Revolution 2009
Free Investment Report: Where Should Aussies Invest This Year?
VV

Civic Hybrid
Australia's most affordable hybrid More power than Prius

Whose Picks are up 35% in the last 12 weeks?

Where'd all the money go?
Crime of the Century
A Film by James West
Get Involved!
Click Here Now

Lithium

[ShareThis](#) | [Larger Font](#) | [Smaller Font](#) | [Printer Friendly](#)

Lithium is the Next Uranium

By Eric Pratt
MidasLetter.com
Tuesday, March 31, 2009

Lithium, a primary component in modern battery technology, is enjoying extreme renewed interest as the anticipated demand for batteries in electric cars has large groups organizing to capitalize on and procure supply to meet a surge in demand.

95,000 tonnes of lithium were produced in 2008 which is a better than 100 percent increase from a decade ago.

Lithium usage, according to the United States Geological Survey, is currently allocated as to 25 percent in batteries, 18 percent ceramics and glass, 12 percent lubricants, 7 percent pharmaceuticals and polymers, 6 percent in air conditioning, 4 percent in primary aluminum production, 3 percent in continuous casting, 3 percent in chemical processing, and the remaining 22 percent is divided among miscellaneous other industrial applications.

The world's largest lithium producer is Chemical & Mining Co. of Chile Inc. a.k.a. Sociedad Química y Minera de Chile S.A (SQM) (NYSE: SQM).

Lithium-ion batteries, used in everything from laptop computers to cellular phones to toys, are also the leading technology in plug-in hybrid (PHEV), electric (EV) and hybrid (HEV) vehicles, such as the Chevrolet Volt, General Motors' (NYSE:GM) contender for corporate salvation.

A report on lithium supply and demand trends by Madison Avenue Research says", The problem with predicting the demand for the future use of lithium in transportation as a preferred medium of energy storage is that no one actually knows just how enthusiastic the trend will be. It could be, and should be, argued that miners, geologists, suppliers, and technologists should not make such predictions; their assumptions are guesses that are limited in understanding of the fact that this is a cultural phenomena. What is not necessarily factored into the assumptions is that there will not only be a "demand" but rather a "cultural push" that will for ever change the future of transportation as we know it.

A look at the new US economic stimulus plan offers insight into just how big governments want to make it so; \$2.4 billion has been set aside in the federal economic stimulus law to be granted by the U.S. Department of Energy to speed development of technology for plug-in hybrid electric vehicles. And lets not forget the new 'smart grid' that we are told is going to be built between all states to supply the juice. Once yet-to-be-seen incentives and coercion to buy (or penalties for not buying) these cars are factored into the equation, the aforementioned assumptions and predictions are likely to be thrown out the window. "

Lithium is difficult to price in a generic level, but recent sales contracts for lithium carbonate of a grade and size that battery producers would require indicated a range in March 09 of between \$2.80 and \$3.00 per pound, or \$6,613 per tonne.

The average lithium cost associated with lithium-ion battery production is currently less than 3% of the production cost, which means lithium prices could go up substantially before they would have any meaningful impact on the cost of battery production.

Rick Wagoner, CEO of General Motors (NYSE:GM) before being force to resign by President Barack Obama, was pushing the development of the lithium-ion battery-powered Chevy Volt, which is still expected to roll out in 2010 if General Motors survives intact.

Lithium-ion batteries represent a leapfrog over the nickel-metal-hydride batteries in the Toyota Prius. By investing \$1 billion in lithium technology, Mr. Wagoner created the best opportunity for America to win a piece of a huge new "green" industry now dominated by non-American companies.

Demand for lithium-ion batteries in the consumer products sector has contracted about 80 percent with the economic collapse, according to Moli Energy of Canada, a manufacturer of lithium-ion batteries who just laid off 220 employees and ceased production. Moli was making batteries for consumer products.

Regardless, should lithium-ion batteries prove to be the next generation powerhouse for the automotive industry, demand could skyrocket. It that happens, there will likely be an explosion of lithium oriented exploration companies that will make fortunes for early stage investors before the inevitable market over-saturation forces many out of business.

SOURCE: http://www.midasletter.com/news/09033104_Lithium-is-the-next-uranium.php

You might also like:

- [Drillers Invest in Albanian Metals District](#)
- [Obama's Press Conference Speech Repetitive, Combative..but Credible?](#)

GET MIDAS LETTER FREE EDITION

Sign up for the Midas Letter Free Edition and get the just published report



"The Top Ten Emerging Gold Companies To Own in 2009".

E-Mail Address :

First Name :

Last Name :

Click Here to Watch James West on BNN, Canada's Business News Network

VV

[Aussie Uranium Miners](#)
Free Report Reveals How to Boost Your Profits in 2009
www.DailyReckoning.com.au

[Civic Hybrid](#)
Australia's most affordable hybrid More power than Prius
www.honda.com.au/civichybrid

[Buy/Sell Uranium Shares?](#)
Uncertain whether to buy or sell Uranium shares? Free intro classes.
LearnShares.com.au

[Electric Car Conversion](#)
Guides Reviewed. Learn How To Convert Your Gas Car To Electric.
ElectricCarConversionReviews.co

[Lithium Batteries](#)
For all Applications Mail Order Specialists
www.batteriesdirect.com.au

- [IMF to Double Credit Lines, Relax Conditions](#)
- [Investor Demand Could Push Gold to Record in 2009](#)
- [Obama Testing Pundits' Patience](#)
- [European Union President Blasts U.S. Economic Stimulus](#)