

## Lithium Prices Surge on Increased Battery Demands

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Good news: The demand for electric vehicles continues to surge to record highs.

Bad news: Making electric vehicles is getting a lot more expensive, even faster than projected.

We all know electric vehicles require batteries. [Back in December](#), we reported that major automakers were investing in battery plants and supply chain for batteries. In the same month, we also reported that [lithium demand could increase up to 20 times by 2030](#). Last week, we documented the signs pointing to the coming [electric vehicle revolution](#). Meanwhile, the U.S. is home to [one active lithium mine in Nevada and the U.S. produces less than 2% of the global lithium supply](#).

The chickens are quickly coming home to roost. In the last week, lithium prices have been widely discussed in the auto industry, and beyond, because the cost of metal necessary to make those batteries has been skyrocketing. [According to Bloomberg](#), the cost of metal grew by 280% last year. In the first quarter, the prices of many metals more than doubled. Prices for lithium alone [have grown 438% this year](#), according to Fortune.

This price spike has been long predicted [by some in the lithium industry](#), but is nonetheless causing concern among those who rely upon lithium for their products. As [reported in Forbes](#) in a deep dive into how lithium affects the price of batteries, a number of companies are looking to ramp up extraction and refinement of lithium, in the U.S. and elsewhere. However, lithium mining and refinement projects could take many years to come to fruition given the challenges and factors in mining lithium. McKinsey recently analyzed the promise of [alternative methods of extracting and refining lithium](#) to speed up the ability to respond to lithium demand, although many such technologies are still in their infancy. Still, others are considering alternative clean energy sources that do not rely on lithium (or otherwise reduce reliance).

For now, the climbing price of lithium has not directly affected the price of vehicles currently for sale. With the spike in gas prices and overall impact of inflation, it is not clear that increases in prices will slow the growth of electric vehicle sales. However, experts are closely watching whether these supply constraints ultimately impact demand.

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