

Lithium: the light metal with a heavy impact

Published 28 April 2026

Mobeen Tahir

Director, Research

Key Takeaways

- The electrification of transport is the single biggest force shaping lithium demand growth.
- After rapid expansion in recent years, lithium supply growth is forecast to decelerate into the 2030s.
- Mining and refining remain geographically concentrated, increasing the potential for future tightness.
- Related Products [WisdomTree Strategic Metals and Rare Earths Miners UCITS ETF - USD Acc](#), [WisdomTree Strategic Metals UCITS ETF - USD Acc](#), [WisdomTree Energy Transition Metals](#) Find out more

In 1817, a young Swedish chemist, Johan August Arfwedson, was analysing a mineral called petalite when he identified a new element. He named it lithium, from the Greek word lithos, meaning stone, because unlike sodium and potassium, it was discovered in rock rather than plant ash. It turned out to be the lightest metal on the periodic table. Light but quick to react even with water, lithium has always ignited curiosity in the laboratory¹.

Two centuries later, that same element sits at the heart of a very different revolution. Lithium is the backbone of the modern rechargeable battery. From electric vehicles (EVs) and grid storage to smartphones and data centres, it quietly powers the electrification and digitalisation of our world.

As economies push to decarbonise, digitise, and electrify, lithium's strategic importance is rising rapidly. Demand is expected to grow strongly, while supply could tighten relative to that demand in the years ahead. In this blog, we outline the key demand and supply forecasts for lithium and what they could mean for investors.

How does WisdomTree capture the opportunity

The [WisdomTree Strategic Metals and Rare Earths Miners UCITS ETF](#) is built in partnership with industry experts, Wood Mackenzie, to give investors smart exposure to companies involved across the supply chains of 10 commodities. These include aluminium, cobalt, copper, lithium, nickel, platinum, silver, tin, zinc, and rare earths.

Wood Mackenzie's industry expertise allows us to do three things: identify the key value-chain segments for each commodity in the portfolio; determine stock weights based on their revenue exposure to the value

chain and their growth prospects; and monitor the space continuously to ensure the exchange-traded und (ETF) continues to represent the opportunity set.

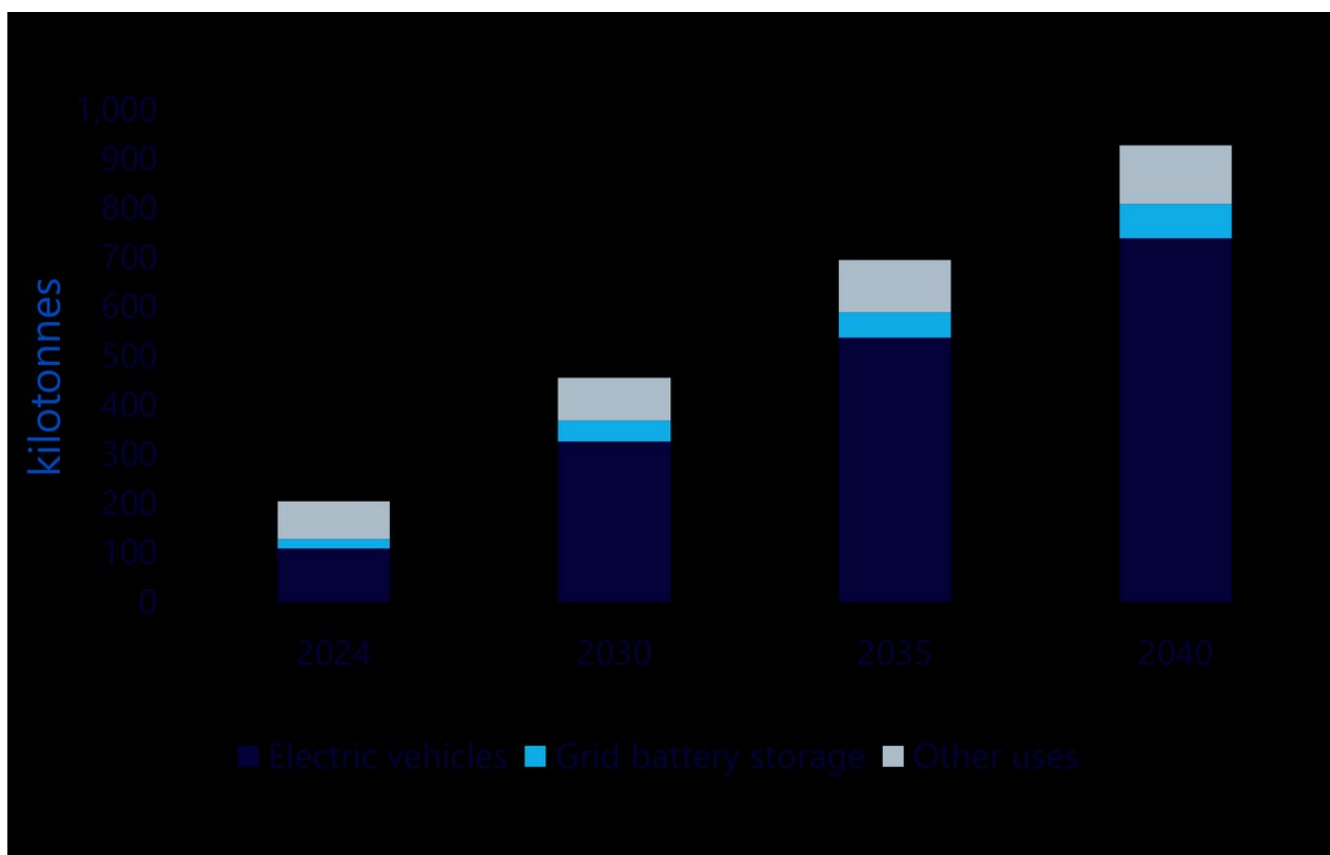
For investors looking to invest directly in commodities, [WisdomTree Energy Transition Metals](#) as well as [WisdomTree Strategic Metals UCITS ETF](#) offer smart exposure to 10 commodities. This includes copper, aluminium, nickel, silver, zinc, lead, platinum, cobalt, and lithium. Both products are built in partnership with Wood Mackenzie and take a forward-looking view on both relevance to the energy transition as well as overall demand and supply dynamics to select and weight the metals.

Together, these solutions give investors ways to access the growth prospects of lithium through thoughtfully curated equity and commodity exposures.

Demand for lithium is expected to rise

The International Energy Agency's (IEA) Stated Policies Scenario, in other words, its base case which projects the future based on currently stated policies globally, forecasts a notable increase in demand for lithium.

Figure 1: Total demand for lithium in the IEA's base case



Source: International Energy Agency (IEA), May 2025. **Forecasts are not an indicator of future performance, and any investments are subject to risks and uncertainties.**

We can make three key observations from the graph. First, electric vehicles are the dominant driver of growth. Lithium-ion batteries sit at the heart of both battery electric vehicles and plug-in hybrid electric vehicles, and as EV penetration rises, so too does lithium demand. Wood Mackenzie estimates that rechargeable batteries account for around 90% of global lithium demand in 2025, with the automotive sector representing the majority of that share². Demand is also shaped by evolving battery chemistries, including strong growth in lithium iron phosphate (LFP) and high-nickel cathodes³. In short, the electrification of transport is the single biggest force shaping lithium markets.

Second, grid battery storage is also a growing segment. As renewable energy capacity expands, energy storage systems are increasingly needed to balance power grids and smooth intermittency. Wood Mackenzie expects annual energy storage systems installations to grow by nearly 60% between 2025 and 2030⁴. More renewables mean more storage, and more storage means more lithium.

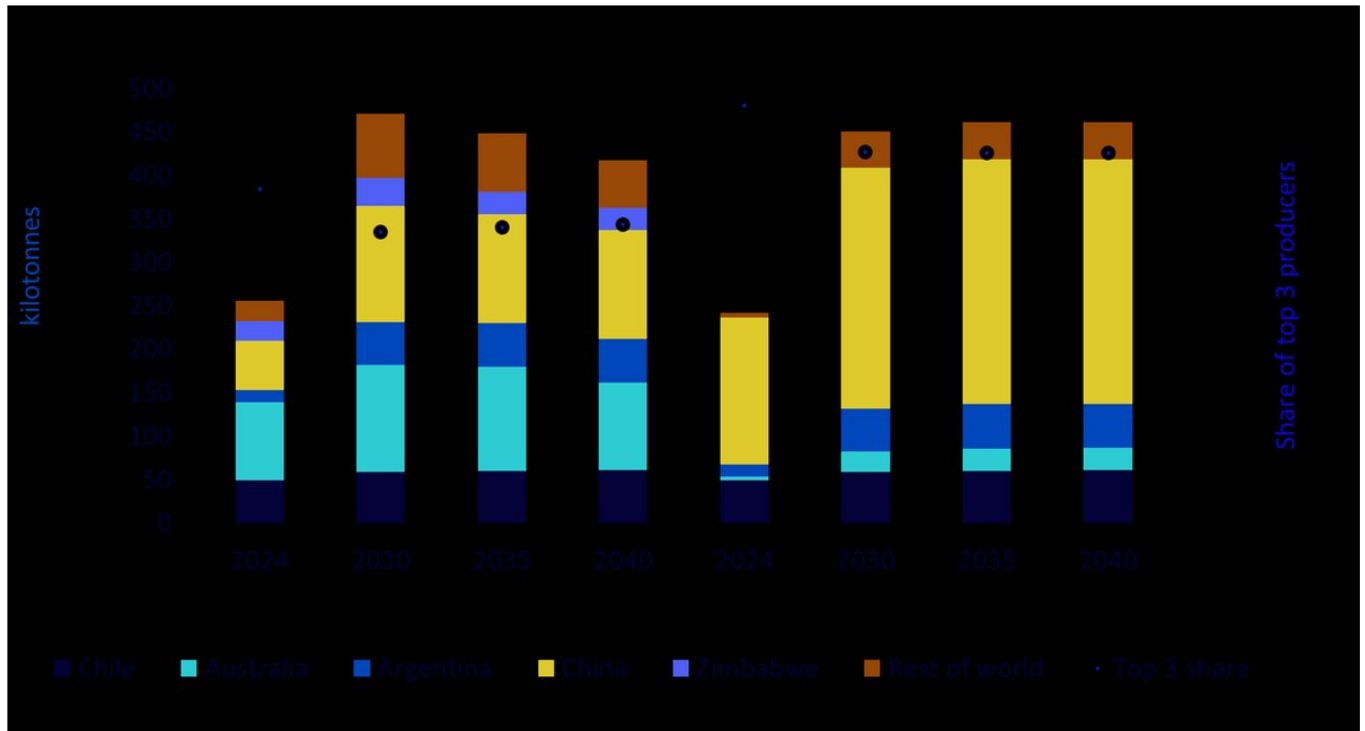
Third, there is an 'other uses' category which is, quite clearly, significant. Lithium is used in portable electronics, power tools, industrial applications such as ceramics and glass, and a range of specialised products. Steady growth is expected across this segment of lithium demand as well.

Lithium, therefore, has a crucial role to play not just in transport, but across the broader electrification and digitalisation of the global economy.

Supply is expected to tighten and remain concentrated

The IEA's base case on supply makes the analysis of market dynamics even more revealing.

Figure 2: Lithium supply from existing and announced projects in IEA's base case



Source: International Energy Agency, May 2025. **Forecasts are not an indicator of future performance, and any investments are subject to risks and uncertainties.**

Again, from the chart, we can make three key observations. First, supply growth slows meaningfully over time. While the market has seen exceptional expansion in recent years, Wood Mackenzie notes that lithium extraction grew at a 31% compound annual growth rate between 2020 and 2025 but is expected to slow to 6% over the longer term to 20355. This is because known resources would have been discovered and developed resulting in the plateauing in extraction. In other words, after a period of rapid buildout, supply growth begins to slow down just as demand continues to rise. In commodity markets, such deceleration is where tightness begins to emerge.

Second, supply remains concentrated in a handful of countries. On the mining side, Australia and China are expected to maintain dominance, even as their relative shares shift over time. In addition to hard rock mining, lithium is also extracted from salt-rich underground water reservoirs known as brines, particularly in South America. Chile, Argentina and China account for the majority of this brine production⁶. This concentration means that disruptions, policy shifts, or underinvestment in a few regions can have outsized global effects.

Third, refining capacity is also heavily concentrated, particularly in China. Wood Mackenzie highlights that Chinese-based refineries delivered 74% of refined output growth between 2020 and 2025⁷. Although growth is expected to become more geographically balanced in the future, China is still projected to contribute over half of new refining capacity in the near term. As with many strategic metals, control over refining is just as important as control over raw material extraction.

Overall, supply growth is slowing and remains geographically concentrated, creating the conditions under which periods of tightness can become pronounced if demand continues on its projected path.

Closing word

Lithium is the lightest metal on the periodic table, yet it carries the weight of the world's rapidly rising energy needs on its shoulders. From electric vehicles and grid storage to the devices we use every day, lithium enables electrification, mobility, and digital connectivity.

It does not always dominate headlines in the same way as oil or gold. But as demand rises and supply growth slows and remains concentrated, its strategic importance is becoming harder to ignore. For investors looking ahead to the next phase of electrification, lithium is increasingly central to the conversation.

1 International Lithium Association, 2023.

2, 3, 4, 5, 6, 7 Wood Mackenzie, Global lithium investment horizon outlook, Q4 2025.

Important Risks Related to this Article

IMPORTANT INFORMATION

Marketing communications issued in the European Economic Area (“EEA”): This document has been issued and approved by WisdomTree Ireland Limited, which is authorised and regulated by the Central Bank of Ireland. **Marketing communications issued in jurisdictions outside of the EEA:** This document has been issued and approved by WisdomTree UK Limited, which is authorised and regulated by the United Kingdom Financial Conduct Authority. WisdomTree Ireland Limited and WisdomTree UK Limited are each referred to as “WisdomTree” (as applicable). Our Conflicts of Interest Policy and Inventory are available on request. This marketing communication has been prepared for professional investors, but the WisdomTree products set out in this document may be available in some jurisdictions to any investors, subject to applicable laws and regulations. As the product may not be authorised or its offering may be restricted in your jurisdiction, it is the responsibility of every person or entity to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdiction. Prior to any application investors are advised to take all necessary legal, regulatory, tax and investment advice on the suitability and consequences of an investment in the products. Past performance is not a reliable indicator of future performance. Any historical performance included in this document may be based on back testing. Back testing is the process of evaluating an investment strategy by applying it to historical data to simulate what the performance of such strategy would have been. Back tested performance is purely hypothetical and is provided in this document solely for informational purposes. Back tested data does not represent actual performance and should not be interpreted as an indication of actual or future performance. The value of any investment may be affected by exchange rate movements. Any decision to invest should be based on the information contained in the appropriate prospectus and after seeking independent investment, tax and legal advice. These products may not be available in your market or suitable for you. The content of this document does not constitute investment advice nor an offer for sale nor a solicitation of an offer to buy any product or make any investment. An investment in exchange-traded products (“ETPs”) is dependent on the performance of the underlying index, less costs, but it is not expected to match that performance precisely. ETPs involve numerous risks including among others, general market risks relating to the relevant underlying index, credit risks on the provider of index swaps utilised in the ETP, exchange rate risks, interest rate risks, inflationary risks, liquidity risks and legal and regulatory risks. The information contained in this document is not, and under no circumstances is to be construed as, an advertisement or any other step in furtherance of a public offering of shares in the United States or any province or territory thereof, where none of the issuers or their products are authorised or registered for distribution and where no prospectus of any of the issuers has been filed with any securities commission or regulatory authority. No document or information in this document should be taken, transmitted or distributed (directly or indirectly) into the United States. None of the issuers, nor any securities issued by them, have been or will be registered under the United States Securities Act of 1933 or the Investment Company Act of 1940 or qualified under any applicable state securities statutes. This document may contain independent market commentary prepared by WisdomTree based on publicly available information. Although WisdomTree endeavours to ensure the accuracy of the content in this document, WisdomTree does not warrant or

guarantee its accuracy or correctness. Any third party data providers used to source the information in this document make no warranties or representation of any kind relating to such data. Where WisdomTree has expressed its own opinions related to product or market activity, these views may change. Neither WisdomTree, nor any affiliate, nor any of their respective officers, directors, partners, or employees accepts any liability whatsoever for any direct or consequential loss arising from any use of this document or its contents. This document may contain forward looking statements including statements regarding our belief or current expectations with regards to the performance of certain assets classes and/or sectors. Forward looking statements are subject to certain risks, uncertainties and assumptions. There can be no assurance that such statements will be accurate and actual results could differ materially from those anticipated in such statements. WisdomTree strongly recommends that you do not place undue reliance on these forward-looking statements. WisdomTree Issuer ICAV The products discussed in this document are issued by WisdomTree Issuer ICAV ("WT Issuer"). WT Issuer is an umbrella investment company with variable capital having segregated liability between its funds organised under the laws of Ireland as an Irish Collective Asset-management Vehicle and authorised by the Central Bank of Ireland ("CBI"). WT Issuer is organised as an Undertaking for Collective Investment in Transferable Securities ("UCITS") under the laws of Ireland and shall issue a separate class of shares ("Shares") representing each fund. The Fund is described in a Key Information Document (KID) or Key Investor Information Document (KIID) for UK investors, and the prospectus of WT Issuer ("WT Prospectus"). A copy of the WT Prospectus and the KID / KIID is available, for EEA/UK only, in English at www.wisdomtree.eu. Where required under national rules, the KID will also be available in the local language of the relevant EEA Member State. Investors should read the WT Prospectus before investing and should refer to the section of the WT Prospectus entitled »Risk Factors¼ for further details of risks associated with an investment in the Shares. The [summary of investor rights](#) associated with an investment in the fund is available in English on WisdomTree Europe¼s website. WisdomTree Management Limited may decide to terminate the arrangements made for the marketing of its collective investment undertakings. In such circumstances, shareholders in the affected EEA Member State will be notified of this decision and will be provided with the opportunity to redeem their shareholding in the fund free of any charges or deductions for at least 30 working days from the date of such notification. WisdomTree Multi Asset Issuer PLC WisdomTree Multi Asset Issuer PLC (the "Issuer") issues products under a Prospectus ("WTMA Prospectus") approved by the Central Bank of Ireland, drawn up in accordance with the Directive 2003/71/EC. The WTMA Prospectus has been passported to various European jurisdictions including the UK, Italy and Germany and is available on this document. For Investors in Switzerland: This document constitutes an advertisement of the financial product(s) mentioned herein. The prospectus (in English only) and the key investor information documents (KID) (in German, French and Italian) are available from WisdomTree¼s website <https://www.wisdomtree.eu/en-ch/resource-library/prospectus-and-regulatory-reports> **For WisdomTree UCITS products only:** the representative and paying agent of the ETPs in Switzerland is Société Générale Paris, Zurich Branch, Talacker 50, PO Box 5070, 8021 Zurich, Switzerland. The prospectus, the key investor information documents (KIID), the articles of association and the annual and semi-annual reports of the sub-funds are available free of charge from the representative and paying agent. As regards distribution in Switzerland, the place of jurisdiction and performance is at the registered seat of the representative and paying agent.

Some of the sub-funds referred to in this document may not have been registered with the Swiss Financial Market Supervisory Authority (“FINMA”). In Switzerland, such sub-funds that have not been registered with FINMA may only be available to Qualified Investors. For Investors in France: The information in this document is intended exclusively for professional investors (as defined under the MiFID) investing for their own account and this material may not in any way be distributed to the public. The distribution of the Prospectus and the offering, sale and delivery of Shares in other jurisdictions may be restricted by law. WT Issuer is a UCITS governed by Irish legislation, and approved by the Financial Regulatory as UCITS compliant with European regulations although may not have to comply with the same rules as those applicable to a similar product approved in France. The Fund has been registered for marketing in France by the Financial Markets Authority (Autorité des Marchés Financiers) and may be distributed to investors in France. Copies of all documents (i.e. the Prospectus, the Key Investor Information Document, any supplements or addenda thereto, the latest annual reports and the memorandum of incorporation and articles of association) are available in France, free of charge at the French centralizing agent, Societe Generale at 29, Boulevard Haussmann, 75009, Paris, France. Any subscription for Shares of the Fund will be made on the basis of the terms of the prospectus and any supplements or addenda thereto. **For Investors in Malta:** This document does not constitute or form part of any offer or invitation to the public to subscribe for or purchase shares in the Fund and shall not be construed as such and no person other than the person to whom this document has been addressed or delivered shall be eligible to subscribe for or purchase shares in the Fund. Shares in the Fund will not in any event be marketed to the public in Malta without the prior authorisation of the Maltese Financial Services Authority. **For Investors in Monaco:** This communication is only intended for duly registered banks and/or licensed portfolio management companies in Monaco. This communication must not be sent to the public in Monaco.