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First to Market

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ADDING A LITTLE SALT TO THE RACE FOR BETTER BATTERIES

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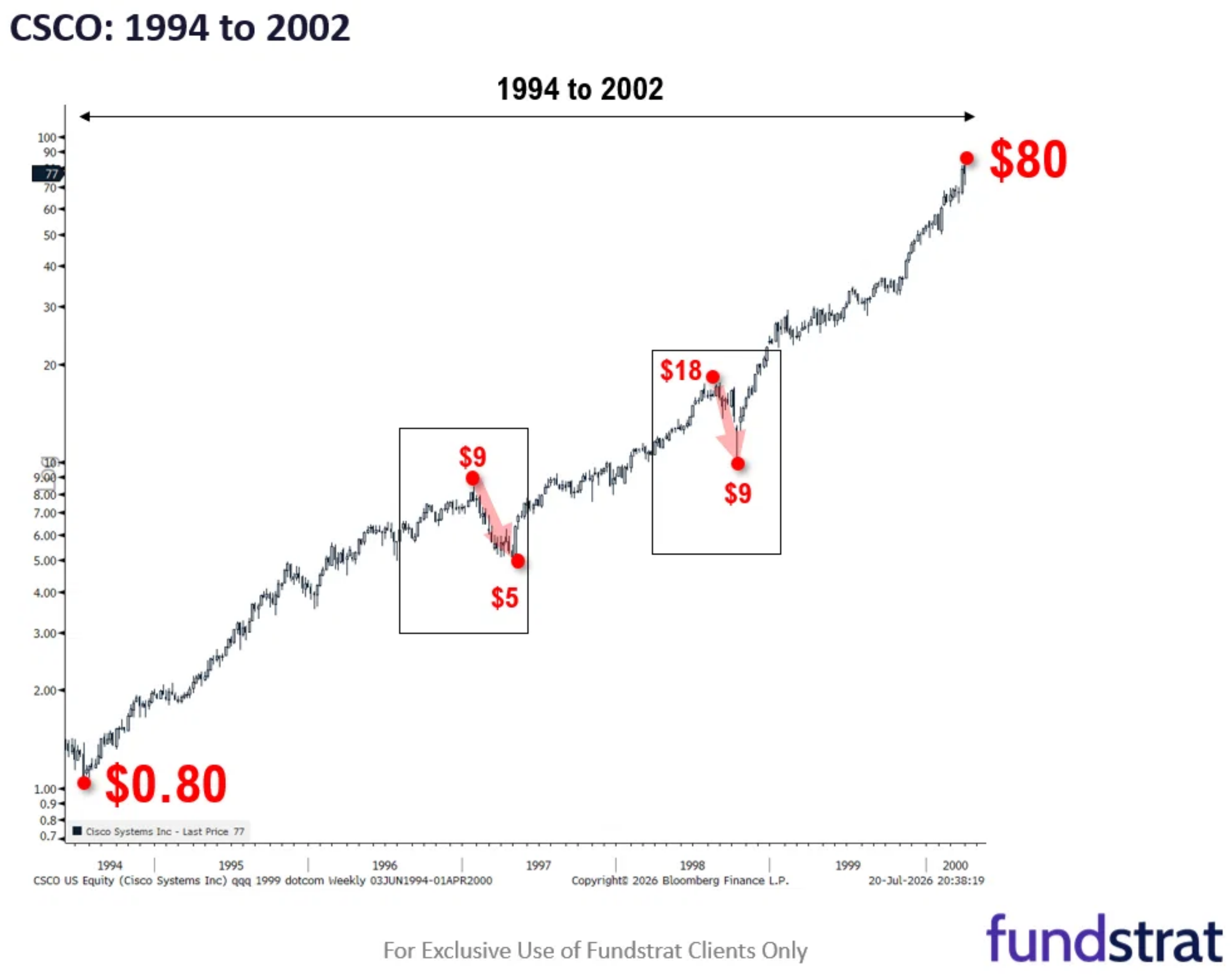
Chart of the Day



Good morning!

It's said that a rising tide lifts all boats, and if we're talking about energy, it certainly seems to be the case that the rising demand for energy is lifting all forms of energy, from fossil fuels to nuclear to sustainable energy. While primarily propelled by AI-related demand, that tide has intensified with the Iran-related oil-supply disruptions in recent months, enough so that despite ongoing trade friction with China, the U.S. has increased its imports of green-energy and battery products.

Notably, lithium-ion batteries maintained its spot as one of China's top exports to the U.S.: the latest Chinese customs data showed a 20.8% increase in aggregate export value to $780 million in May 2026. Exports of lead-acid batteries, though far smaller in value at $6.72 million, rose 151% on an annual basis, reflecting an increase in the need for localized backup power systems such as those that hospitals and data centers rely upon.

We've written before about how China dominates the field of lithium-ion battery technology, both in terms of manufacturing and sales. In absolute terms, China far exceeds in terms of aggregate storage capacity, an estimated 144.1 gigawatts for China compared to 56.6 gigawatts of storage capacity for the U.S. Attempts to catch up have encountered headwinds in the form of China's technological lead in processing and refining lithium ore, as well as its ability to source supplies of ore. While things are slowly changing in that last respect, this month, we are noting that the U.S. appears to be making headway in other metals-based battery technologies, opening an array of potential investment opportunities.

On July 8, the U.S. startup Peak Energy announced that it would build the first U.S. commercial facility for the manufacture of grid-scale sodium-ion batteries and energy storage systems. The factory, to be located in Sacramento, aims to bypass China's chokehold in lithium sourcing and refinement by using an element that is far more readily available – and thus, cheaper: sodium. This isn't exactly groundbreaking technology in the sense most of us think about it: scientists have known about sodium-ion batteries for years now. The reason they didn't get much attention is because lithium-ion batteries can be made with far higher energy density. In other words, they can store more energy in the same amount of space. That sort of metric is important for both mobile devices (we all want lighter, longer-lasting phones, right?) and electric vehicles.

That's less of a benefit when seeking to store energy from a remote windfarm or solar power plant where there's plenty of space around, however. Higher energy prices tend to make it matter even less that a sodium-ion battery tends to be bulkier, especially if it is likely to be cheaper and less prone to catching on fire. Peak energy notes that it has orders from the likes of Energy Vault $$NRGV and the North American arm of German energy company RWE AG $RWEOY.

As it turns out, Peak Energy is not alone in thinking along these lines. Oregon-based ESS Tech $$GWH is looking at several battery technologies that seek to make use of more commonly found metals – not just sodium, but also iron.

To be sure, any battery storage company has a tough challenge ahead. California-based Natron Energy managed to open a commercial scale sodium-ion manufacturing facility in Michigan, but even with partnerships and interest from traditional energy companies like Chevron $$CVX and Nabors Industries $$NBR, a maker of oil- and gas-drilling equipment, the company ultimately wound down last September. More recently, ESS, whose shares are currently trading below $1, received a notice that it was at some risk of being delisted from the NYSE.

Still, the demand for grid-storage solutions means there are other players hoping to fill the gap. Eos Energy $EOSE is pioneering an aqueous zinc-based battery solution that will hopefully provide grid-scale solutions to store renewable energy for four to 16 hours at a time. (Zinc, while not as abundant or cheap as iron or sodium, is still a metal that can be largely sourced domestically, and it, too, has superior fire safety attributes compared to lithium.

That's not to say these companies have the field to themselves. Arguably the largest battery company in the world, China's CATL $$CYATY, already has sodium-ion battery offerings – including sodium-ion batteries for electric vehicles. (Though heavier, sodium-ion batteries perform better than lithium ion ones in cold temperatures.) India's Reliance Industries and Chinese EV giant BYD $$BYDDY are also scaling up sodium-ion manufacturing facilities for both electric vehicles and power grids.

The U.S. has a long road ahead in catching up to China when it comes to lithium-ion battery technology. But perhaps sodium-, iron-, and zinc-based technologies will provide a viable alternative pathway to grid independence that neatly sidesteps the need to source lithium ore and figure out how to refine it. At the very least, such technologies might at least mitigate our reliance on China for lithium-based technologies.

Share your thoughts

Does Moonshot's Kimi K3 affect your views on the U.S. AI play? Click here to send us your response.

✍Here's what a reader commented ✍

Q: Does Moonshot's Kimi K3 affect your views on the U.S. AI play?

A: No, a recent trip to Mongolia [and] Korea confirm that the western/US AI leaders are and will continue to be the dominant player. In both areas, Google Gemini was being used daily by a number of people we interacted with, some mention of ChatGPT and Claude, but the US AI powers are clearly sticky.

Catch up with Fundstrat

Peter Lynch once famously said “Selling your winners and holding your losers is like cutting the flowers and watering the weeds.” To us, this is what investors selling Semis and DRAM are doing today. The AI structural story remains intact in our view.

Technical

US equity trends have begun to turn more mixed following Monday’s session, as the broader market showed its first real evidence of joining technology’s correction rather than simply absorbing it.

Crypto

The tactical rebound in AI infrastructure that I discussed last week appears to be underway, and yesterday’s contract announcements from IREN and Hut 8 reinforce my conviction that underlying demand for AI compute remains exceptionally strong. Combined with improving U.S. spot flows, I believe the tactical backdrop remains favorable, even as rising real yields warrant continued monitoring.

News We're Following

Breaking News

- Stock futures are higher as Wall Street awaits latest earnings report CNBC

Markets and economy

- Heat morphs into a major economic shock for an unprepared Europe BBG
- London Stock Exchange plans to launch round-the-clock trading next year FT
- Schwab beats estimates as retail investors pile into the market BBG

Business

- BlackRock leads $12 billion financing for new meta data centers in Texas WSJ
- Segro rejects £13.5bn bid by US rival Prologis in latest takeover twist FT
- Paramount suffers major early blow in merger lawsuit—and billion-dollar losses could lie ahead FOR
- GM boosts full-year guidance, reports Q2 earnings beat as costs come down YF
- Novo Nordisk sues Eli Lilly, alleging misleading GLP-1 advertising CNBC

Politics/U.S.

- Trump meets Lebanese president in first White House visit by leader since 2009 HTZ
- Sen. Darline Graham will run for full term to replace brother Lindsey POL
- GOP seeks to avoid, for once, the shutdown trap HILL

Overseas

- Trump imposes additional 50% tariffs on certain Canadian goods WSJ
- India’s youth-led Cockroach movement vows to continue protest after police crackdown AP
- Thames Water lenders to offer ‘golden share’ to UK government FT

Of Interest

- Son of Brazil's former President Bolsonaro secures US green card REU
- Rare identical quadruplets born in Australia BBC

Overnight

S&P Futures	+34 ▲ point(s) (+0.45% ▲)
overnight range:	-11 to +46 point(s)

overnight range:	-11 ▼ to +46 ▲ point(s)

APAC

Nikkei	+3.26% ▲
Topix	+2.44% ▲
China SHCOMP	+1.79% ▲
Hang Seng	-0.04% ▼
Korea	+3.56% ▲
Singapore	+0.51% ▲
Australia	+0.02% ▲
India	-0.21% ▼
Taiwan	+4.20% ▲

Europe

Stoxx	50 +0.49% ▲
Stoxx	600 +0.16% ▲
FTSE	100 +0.17% ▲
DAX	+0.23% ▲
CAC	40 +0.04% ▲
Italy	+0.50% ▲
IBEX	+0.65% ▲
Canada	-0.86% ▼
Mexico	-0.77% ▼
Brazil	-0.20% ▼

FX

Dollar Index (DXY)	+0.05% ▲ to 101.00
EUR/USD	+0.03% ▲ to 1.1417
GBP/USD	-0.26% ▼ to 1.3396
USD/JPY	-0.15% ▼ to 162.75
USD/CNY	+0.04% ▲ to 6.7660
USD/CNH	+0.04% ▲ to 6.7667
USD/CHF	-0.09% ▼ to 0.8108
USD/CAD	-0.04% ▼ to 1.4076
AUD/USD	+0.24% ▲ to 0.7015

UST Term Structure

2Y-3M Spread narrowed	-1.7bps ▼ to 39.4bps
10Y-2Y Spread widened	1.0bps to 38.9bps
30Y-10Y Spread widened	0.1bps to 52.0bps

USD HY OaS

All Sectors	-1.7bps ▼ to 318bps
All Sectors ex-Energy	-1.1bps ▼ 296bps
Cons Disc	+2.6bps ▲ to 472bps
Indu	-0.3bps ▼ to 250bps
Tech	-0.5bps ▼ to 214bps
Comm Srvcs	+1.0bps ▲ to 278bps
Materials	+0.8bps ▲ to 262bps
Energy	+0.3bps ▲ to 281bps
Fin Snr	-0.5bps ▼ to 198bps
Fin Sub	[illegible]

Fin Sub	-3.1bps ▼ to 283bps
Cons Staples	-9.0bps ▼ to 463bps
Healthcare	-1.0bps ▼ to 315bps
Utes	-0.1bps ▼ to 205bps *

DATE	TIME	DESCRIPTION	ESTIMATE	LAST
7/24	9:45 AM	Jul P S&P Srvcs PMI	51.5	51.2
7/24	9:45 AM	Jul P S&P Manu PMI	54.4	53.9
7/24	10:00 AM	Jun New Home Sales	606	580
7/24	10:00 AM	Jun New Home Sales m/m	4.6	-7.3
7/27	8:30 AM	Jun P Durable Gds Orders	1.3	-4.5

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