

The Future of Critical Minerals' Prices in the U.S. Market

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Abstract

We examine the impact of energy-transition policies on the U.S. markets of three critical battery minerals: cobalt, lithium, and nickel. By estimating three Structural Vector Autoregressive models, disentangling U.S. supply and demand shocks at the aggregate and mineral-specific level, we perform a structural forecast analysis to study mineral price patterns under various scenarios. We investigate the implications of the U.S. Inflation Reduction Act and associated policies aimed at boosting the domestic production of these minerals. Our findings suggest that, whereas cobalt and lithium domestic prices could decrease conditional on the successful implementation of energy-transition policies, nickel prices will remain stable.