23 OCTOBER 2025

Weekly Market Snapshot
Rare Earths: A new flashpoint

Weekly Recap

- **France's rating** was downgraded to A+ with a stable outlook by S&P on Friday the 17th of October, a third downgrade in a month period.
- 2 Regional US banks (Zions Bancorp & Western Alliance) faced losses on loans they provided, leading to lower stock prices and fears in the markets of other potential loses.
- The United States of America have signed a rare earth metals deal with Australia leading both countries to invest in new rare earth mines and projects in Australia.
- The CAC 40 hit a new all time high.

Market	21 October Level	% Chg 1 Wk	Return Trend 1 Month	Return Trend 1 Year
Stocks				
S&P 500	6735	*+1,4%*	↗	↗
Euro STOXX 50	5673	*+1,2%*	↗	↗
FTSE 100	9489	*+0,7%*	↗	↗
Nikkei 225	49308	*+3,4%*	↗	↗
MSCI EM	1384	*+1,3%*	↗	↗
Bonds	***Yield***			
US 10Y	4,0	*-1,7%*	↗	↗
Gm 10Y	2,6	*-0,7%*	↗	↗
UK 10Y	4,4	*-3,1%*	↗	↗
Jp 10Y	1,6	*-0,5%*	→	↘
IG Credit	***Yield***			
US	4,9	*-1,2%*	↗	↗
EU	3,0	*-2,0%*	↗	↗
UK	5,2	*-1,5%*	↗	↗
Alternatives				
Gold	4133	*-1,8%*	↗	↗
Copper	5,0	*-0,5%*	↗	↗
S&P Global Infra	3504	*-1,1%*	↗	↗
EU REITs	1683	*+2,5%*	↗	↗
BBG Hedge Fds	1770	*-0,1%*	↗	↗

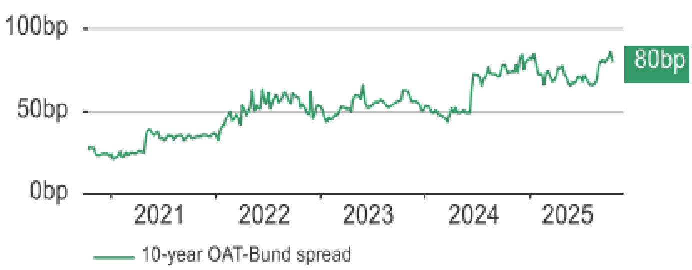
Snapshot

Rare earth metals are elements extracted and processed for use in several technological products, in wind turbines and in defence equipment. Mainly mined and refined in China, the growing demand for these elements in a world of rising technology investments has led to a global overreliance on China for access to these crucial materials. This dependence is currently creating trade tensions between the US and China. On one hand, the US are threatening to increase tariffs, while on the other hand, China is threatening to impose new controls on the rare earths' exports.

Since Liberation day tariffs, global demand for rare earth elements and strategic metals has risen and has driven their prices, and the price of related producers, higher. The Wisdom Tree Strategic Metals and Rare Earths Miners Index, for example, has increased by more than 100% since April 2025.

A variety of rare earth metals mining funds and ETFs are available to invest in this theme.

10-YEAR OAT-BUND SPREAD SHOWS LITTLE IMPACT FROM FRANCE'S POLITICAL VOLATILITY



Source: LSEG Datastream, 14/10/2025

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Rare Earths Elements: a new flashpoint

Rare Earth Materials are a group of 17 chemical elements that can be found in rocks and clay. Although they are called rare earth metals, those materials are not in fact all that rare. However, they are not easy to extract, create a lot of waste, and their refining process is long. Hence their production can be complicated and expensive.

Rare Earth Elements (REEs) are processed and refined to create the permanent magnets that are afterwards used in motors to generate electricity in wind turbines. The elements are also used in technology products (smartphones and laptops), electric vehicles as well as defence-related equipment and munitions (missiles, radars, drones...).

REEs are mainly found and produced in China, Australia, Brazil and Canada, with China representing more than 80% of global production. China has invested heavy sums over many years into refineries and is today the world's dominant producer of rare earths. This has created an overreliance and dependence on China by countries such as the United States and Europe which need to import REEs used in their industries. Indeed, both the US and Europe currently consider REEs as critical minerals due to their importance for various industries and due to rarity in these regions.

The Rare Earths Rally

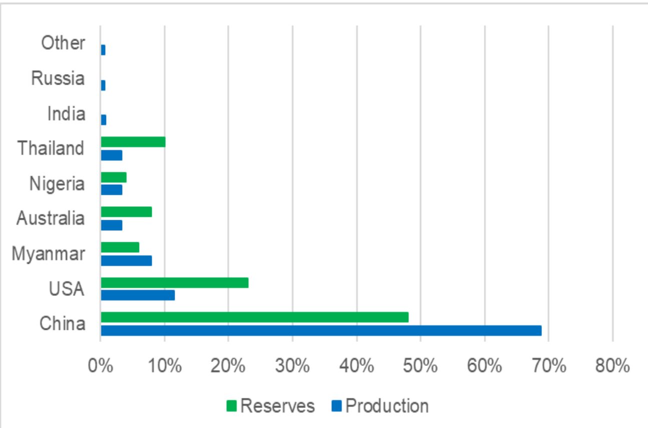
Following Liberation day in April 2025 and in retaliation to the import tariffs imposed by the US, China has in turn imposed licensing requirements for the export of several of its rare earth elements.

However, after trade talks, both countries reached an initial time-limited agreement. With the expiration of this time limit, the Chinese government has proposed to limit the exports of rare earth metals and associated products such as magnets and batteries. In response, President Trump has threatened to levy an additional 100% tariff on Chinese exports. These resurgent tensions between the US and China have reminded investors the importance of rare earths, currently controlled by China. We note that since April, for example, the Wisdom Tree Strategic Metals and Rare Earths Miners Index has increased by more than 100%, underlining the crucial importance of those materials in our current world.

In a world of rising technology investments, and with supply constrained after years of under-investment in new production capacities, global demand for rare earth elements and strategic metals is rising and impacting metals prices

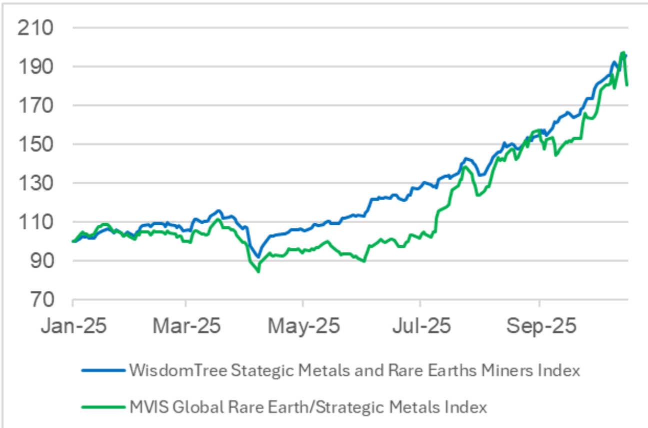
An emergent theme of National Security has also impacted rare earths producers as US banks are currently financing and investing in companies that are in areas considered as critical to US security.

CHART 1 – RARE EARTHS PRODUCTION & RESERVES ARE DOMINATED BY CHINA



Source: BNP Paribas, Bloomberg, Investing News Network

CHART 2 – TARIF IMPLEMENTATION AND RISING GEOPOLITICAL TENSIONS LED TO THE INCREASE OF RARE EARTH PRICES



Source: BNP Paribas, Bloomberg

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