

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 losses.
- 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.

Snapshot

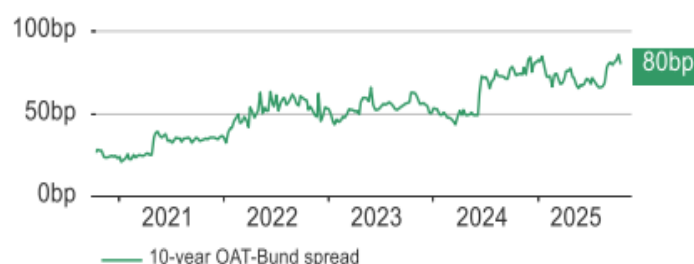
Rare earth metals are elements extracted and processed for use in several technological products, in wind turbines and in defence equipment. Mainly mined and refined in China, the growing demand for these elements in a world of rising technology investments has led to a global overreliance on China for 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.

Market	21 October Level	% Chg 1 Wk	Return Trend	
			1 Month	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%	↗	↗

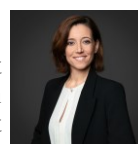
10-YEAR OAT-BUND SPREAD SHOWS LITTLE IMPACT FROM FRANCE'S POLITICAL VOLATILITY



Source: LSEG Datastream, 14/10/2025

Hiba Mouallem

Investment Strategist
BNP Paribas Wealth
Management



Edmund Shing, PhD

Global CIO
BNP Paribas Wealth
Management



BNP PARIBAS
WEALTH MANAGEMENT

The bank
for a changing
world

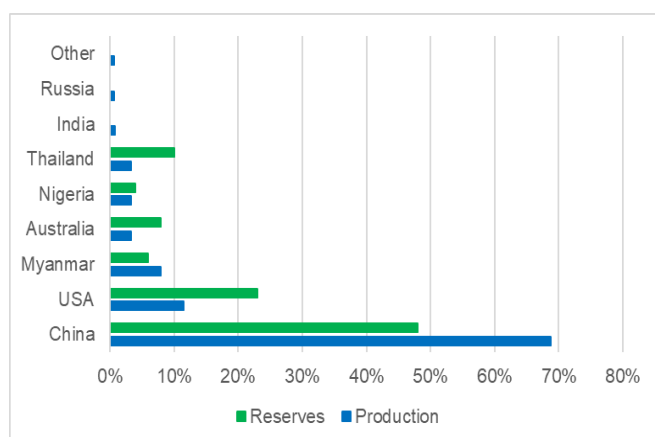
Rare Earths Elements: a new flashpoint

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.

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



Source: BNP Paribas, Bloomberg, Investing News Network

The Rare Earths Rally

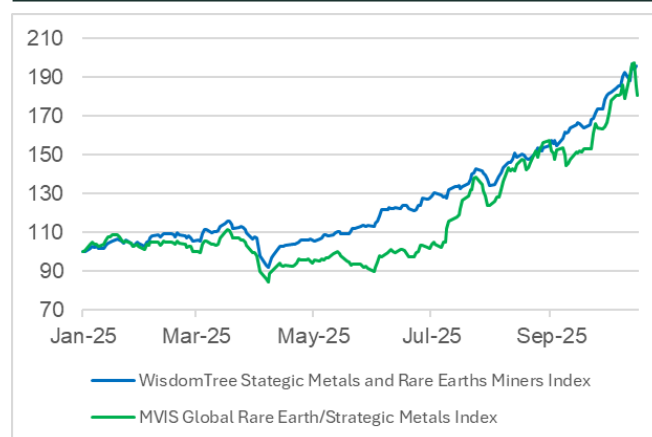
Following Liberation day in April 2025 and in retaliation to the import tariffs imposed by the US, China has in turn imposed licensing requirements for the export of several of its rare earth elements.

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



Source: BNP Paribas, Bloomberg



BNP PARIBAS
WEALTH MANAGEMENT

The bank
for a changing
world

CONNECT WITH US



wealthmanagement.bnpparibas

DISCLAIMER

This marketing document is communicated by the Wealth Management Métier of BNP Paribas, a French Société Anonyme, Head Office 16 boulevard des Italiens, 75009 Paris, France, registered under number 662 042 449 RCS Paris, registered in France as a bank with the French Autorité de Contrôle Prudentiel et de résolution (ACPR) and regulated by the French Autorité des Marchés Financiers (AMF). As marketing material, it has not been prepared in accordance with legal and regulatory requirements aimed at ensuring the independence of investment research and is not subject to any prohibition on dealing ahead of its dissemination. It has not been submitted to the AMF or any other market authority.

This document is confidential and intended solely for the use of BNP Paribas SA, BNP Paribas Wealth Management SA or their affiliates ("BNP Paribas") and the persons to whom this document has been delivered. It may not be distributed, published, reproduced or disclosed by any recipient to any other person, nor may it be quoted or referred to in any document, without the prior consent of BNP Paribas.

This document is provided solely for information and shall not constitute an offer or solicitation in any state or jurisdiction in which such an offer or solicitation is not authorized, or to any person to whom it is unlawful to make such offer, solicitation or sale. It is not, and under no circumstances is it to be construed as, a prospectus.

Although the information provided herein may have been obtained from published or unpublished sources considered to be reliable and while all reasonable care has been taken in the preparation of this document, BNP Paribas does not make any representation or warranty, express or implied, as to its accuracy or completeness and does not accept responsibility for any inaccuracy, error or omission. BNP Paribas gives no warranty, guarantee or representation as to the expected or projected success, profitability, return, performance, result, effect, consequence or benefit (either legal, regulatory, tax, financial, accounting or otherwise) of any product or transaction. Investors should not place undue reliance on any theoretical historical information regarding such theoretical historical performance. This document may contain or refer to past performance; past performance is no guarantee for future performance.

The information contained in this document has been drafted without prior knowledge of your personal circumstances, including your financial position, risk profile and investment objectives.

Prior to entering into a transaction each investor should fully understand the financial risks, including any market risk associated with the issuer, the merits and the suitability of investing in any product and consult with his or her own legal, tax, financial and accounting advisors before making his or her investment. Investors should be in a position to fully understand the features of the transaction and, in the absence of any provision to the contrary, be financially able to bear a loss of their investment and willing to accept such risk. Investors should always keep in mind that the value of investments and any income from them may go down as well as up and that past performance should not be seen as an indication of future performance. Any investment in a product described herein is subject to the prior reading and understanding of the legal documentation concerning the product, and in particular the one which describes in details the rights and obligations of investors as well as the risks inherent to an investment in the product. Save as otherwise expressly agreed in writing, BNP Paribas is not acting as financial adviser or fiduciary of the investor in any transaction. The information, opinions and projections expressed herein reflect the opinion of their author at the time of writing; they are not to be relied upon as authoritative or taken in substitution for the exercise of judgment by anyone, and are subject to change without notice. Neither BNP Paribas nor any BNP Paribas Group entity accepts any liability whatsoever for any consequences that may arise from the use of information, opinions or projections contained herein.

As distributor of the products described herein, BNP Paribas may receive distribution fees on which you can obtain more information upon specific request. BNP Paribas, their employees or administrators may hold positions in these products or have dealings with their issuers.

By accepting this document, you agree to be bound by the foregoing limitations.

© BNP Paribas (2025). All rights reserved.

Pictures from Getty Images.



BNP PARIBAS
WEALTH MANAGEMENT

The bank
for a changing
world