

Positioning for a 'select' commodity super-cycle

GEMs Equity Strategy

Equity Strategy & Equities Emerging Markets

- ◆ We are selectively bullish on commodities: copper, aluminium, precious metals and battery raw materials stand out
- ◆ Commodity rally is another tailwind for EM equities; we assess who is most exposed, what's priced and potential spillovers
- ◆ HSBC analysts highlight their six preferred mining stocks

Commodities, and particularly metals, entered 2026 with a bang – the CRB metals index is up 10%. After a brief consolidation and spike in volatility, the focus now shifts to what comes next and what it means for EM equities. We remain bullish, but selective. In this report, we answer 5 key questions of how to play a select commodity super-cycle in EM:

What are our preferred commodities? HSBC's Metals & Mining team prefer commodities that have secular demand drivers with structurally constrained supply-side capacity – copper, aluminium, precious metals and battery raw materials stand out. We believe this commodity cycle is anchored in four durable pillars: (1) AI and data centres; (2) electric vehicle demand; (3) energy storage systems; and (4) the dedollarisation narrative and safe-haven demand.

Which EM markets have the most direct exposure? Direct exposure to our preferred commodities within EM is uneven and narrow. South Africa has the highest revenue exposure at 22%, heavily linked to precious metals. Chile provides direct leverage to lithium, with SQM accounting for 15% of the market. Mexico has equity linkages to copper through Grupo Mexico. Indonesia also has revenue exposure to copper, precious metals and battery raw materials.

What's priced within the metals & mining sector? EM metals & mining stocks were up 90% in 2025 and are up a further 20% year-to-date. We look at four different approaches to assess valuations and potential upside: (1) sector weight in FTSE EM is 6%, well below prior-super cycle highs of 14%; (2) ROE vs PB analysis implies the market does not believe improvement in ROEs is sustainable; (3) our Machine Learning Valuation (MLV) model indicates South Africa and Brazil metals & mining stocks are 30% undervalued; (4) our SEDRIC model suggests recent relative performance is in line with macro fundamentals.

Which markets can also benefit from the potential spillovers? We expect the rise in commodity prices to have positive spillovers to other sectors beyond the miners, in markets that have (1) a high share of mining employment, (2) high resource rents as a % of GDP, and (3) improving terms of trade and a strengthening of the currency. On these measures, Chile, South Africa, Indonesia and Brazil are best positioned for a multiplier effect into banks, retailers and domestic cyclicals.

What are HSBC analysts' preferred mining ideas? HSBC analysts highlight six metals & mining ideas: **Zijin Mining, Freeport-McMoRan, Vale, Sibanye, Northam Platinum and Africa Rainbow Materials.**

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Positioning for a ‘select’ commodity super-cycle

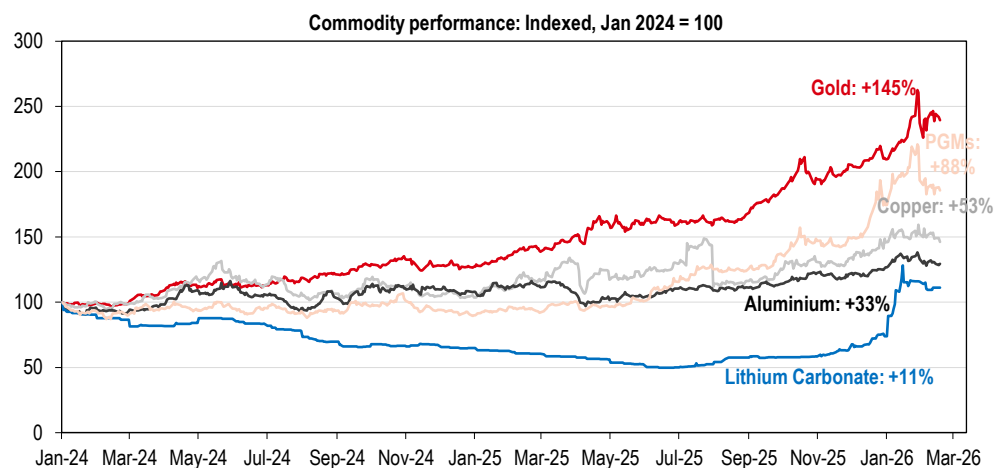
We expect emerging market equities to benefit materially from a select commodity super-cycle. In this report, we outline the key drivers and beneficiaries within the commodity complex, which markets have the most direct exposure, assess what is already priced, and highlight markets and sectors that could also benefit from the spillover of higher commodity prices. HSBC’s analysts also highlight their six best ideas within the EM mining complex.

What are our preferred commodities?

After a broad rally across the resource complex, the next phase is likely to be more discriminating, with sustained upside concentrated in commodities that are linked to the structural transformation of the global economy. HSBC’s Metals & Mining team identifies copper, aluminium, precious metals and battery raw materials as the key beneficiaries of this shift¹. Unlike previous commodity upswings that were driven by generalised industrialisation and real estate booms, this cycle is anchored in four durable pillars:

- ◆ **AI and data centres:** The rapid expansion of computing capacity is driving unprecedented investment in power generation, transmission and cooling infrastructure. A single hyperscale AI data centre campus can consume 50,000 tonnes of copper across its lifetime, according to the Copper Development Association, through electrical wiring, busbars, transformers, switchgear and power distribution units (Forbes, 8 December 2025). The power density of GPU-based AI workloads is approximately five to ten times higher than traditional cloud computing, meaning that the copper intensity per megawatt of installed capacity is significantly elevated. The World Economic Forum estimates that 18% of global demand for copper by 2035 could come from electricity transmission and distribution demand. Aluminium is also increasingly critical for data centre thermal management. Advanced liquid cooling systems, which are becoming standard for high-density AI racks, rely extensively on aluminium heat exchangers, cold plates and piping. Aluminium is also used for structural cladding, cable trays, and modular construction components. Silver and gold also have niche but growing applications in advanced semiconductor packaging, high-frequency connectors and bonding wires used in AI accelerator chips. While these volumes are modest relative to total precious metals supply, they represent incremental demand at the margin in a market where supply growth is structurally constrained.

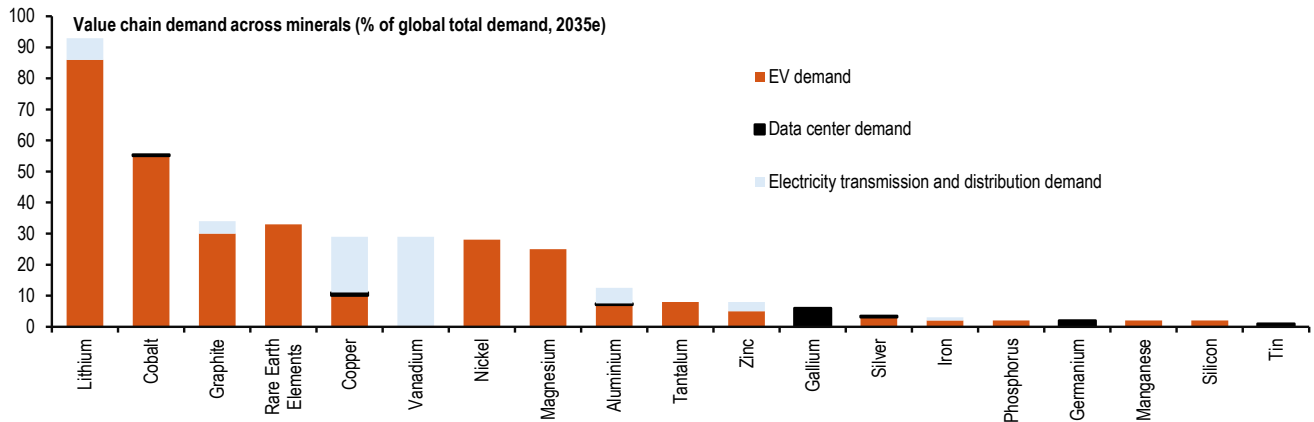
1. Performance of our preferred commodities



Source: Bloomberg, HSBC

¹ [Metals Quarterly Q1 2026: Entering 2026 with a bang](#), 18 January 2026

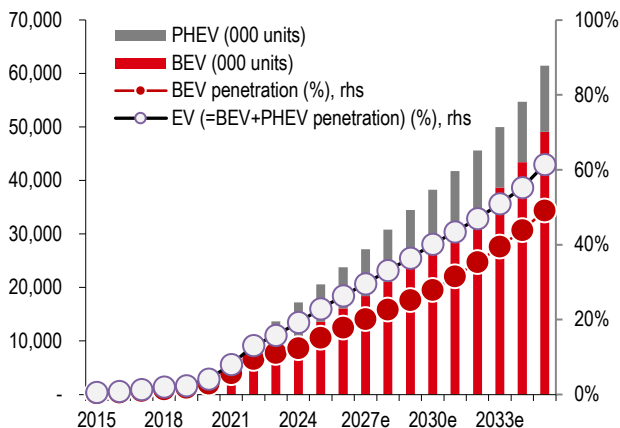
2. Value chain demand across minerals



Source: WEF, HSBC

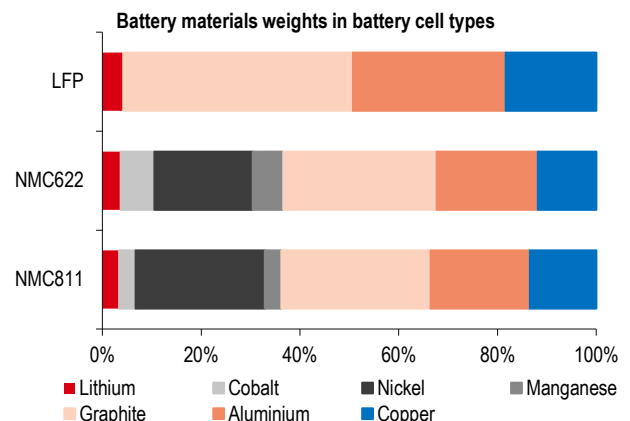
- Electric vehicles:** Global EV sales are expected to reach approximately 60 million units in 2035, according to HSBC estimates, representing roughly 60% of total new vehicle sales. The metals intensity of an electric vehicle is fundamentally different to that of a conventional car. An average electric vehicle battery uses approximately 53kg of copper, versus 22kg in a conventional internal combustion engine vehicle (elements.visualcapitalist, 18 April 2023). The lightweighting imperative in EVs – driven by the need to maximise battery range – has made aluminium the material of choice for body structures, battery enclosures, crash management systems and thermal management components. An average EV uses approximately 250–300kg of aluminium, compared to roughly 180kg in a conventional vehicle. The battery pack requires substantial quantities of lithium, nickel, cobalt and manganese. Total lithium demand from EVs is projected to grow at a compound annual rate exceeding 20% through the end of the decade, with EV accounting for almost 85% of total global demand by 2035, according to the World Economic Forum.
- Energy storage systems:** Grid-scale battery storage is becoming essential as more renewable energy is added to power systems. Energy storage projects use many of the same metals as EVs but at a much large scale. A typical utility-scale battery storage project of 200MWh – a size that is becoming increasingly common – requires approximately 30-50 tonnes of lithium carbonate equivalent, along with meaningful quantities of nickel and

3. Global electric vehicle penetration to accelerate



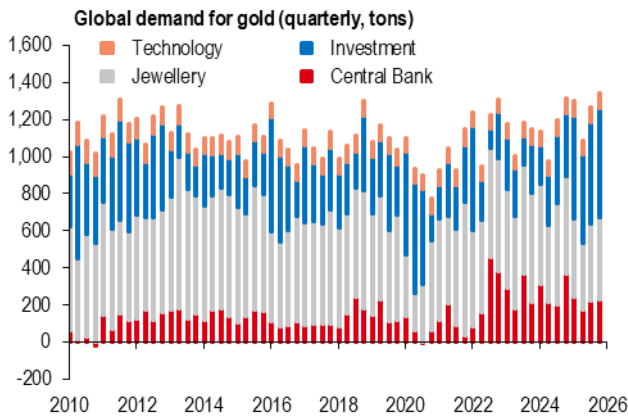
Source: Rho Motion, HSBC estimates (EV Global Roadmap, 8 January 2026)

4. Material weights in EV batteries



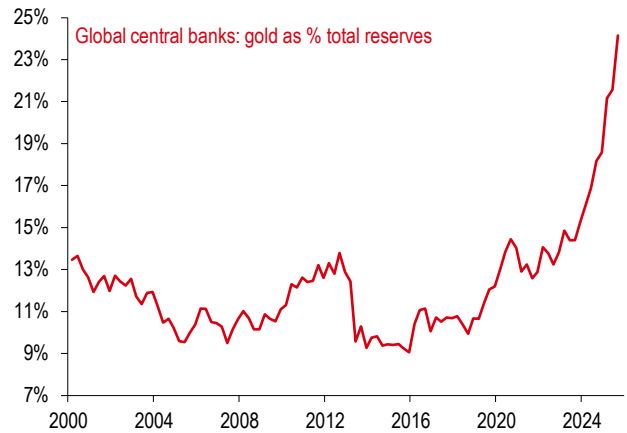
Source: elements.visualcapitalist, HSBC

5. Global demand for gold has been growing



Source: World Gold Council, HSBC

6. Central banks have been a key buyer of gold

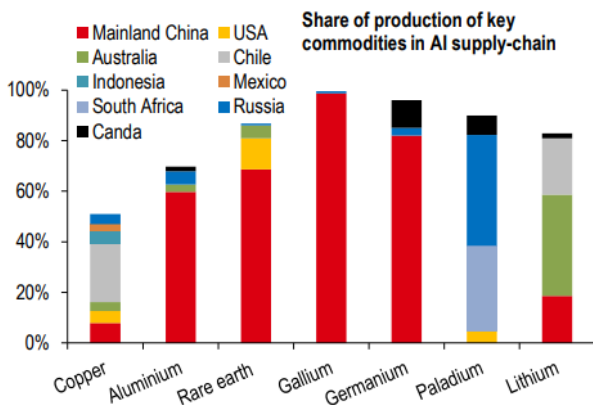


Source: World Gold Council, HSBC

cobalt. The other key point is that storage demand grows alongside renewables. Each new wind or solar plant creates a need for more batteries to balance the grid, which drives further demand for these critical minerals. As countries progress toward their net-zero commitments and as grids aim to manage the variability of renewable power, investment in energy storage is likely to accelerate.

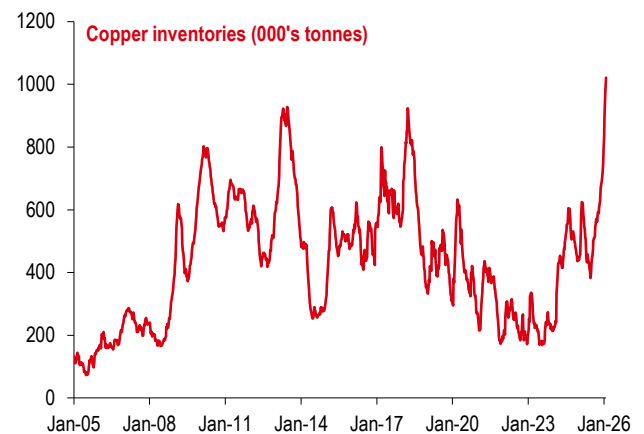
- ◆ **Dedollarisation and safe-haven demand:** Central bank reserve diversification, persistent fiscal deficits and geopolitical uncertainty are reinforcing gold's, and other precious metals, role as a safe-haven hedge. This pillar is distinct from the other three in that it is primarily a monetary and financial phenomenon rather than an industrial demand story. Central banks – particularly those in emerging markets – have been accumulating gold reserves rapidly. The People's Bank of China, the Reserve Bank of India, the Central Bank of Türkiye and a number of Gulf and Central Asian monetary authorities have been steady and substantial buyers. The motivations are multifaceted: a desire to diversify away from US dollar-denominated reserves amid heightened geopolitical tensions, concerns about the long-term trajectory of US fiscal deficits and their implications for the USD's purchasing power, and a broader shift toward a more multipolar reserve currency system.

7. Share of production of key commodities in AI supply chain



Source: USGS, HSBC

8. Copper inventories are surging



Source: Bloomberg, HSBC

Supply-side constraints support the bullish narratives

The demand case for the select commodities we prefer (copper, aluminium, precious metals and battery raw materials) is further supported by supply-side constraints in these markets. Copper, for example, is seeing a structurally tight market. HSBC analysts expect mine supply growth to moderate as the current pipeline of projects ends². In the long term, we believe further investment is required globally to meet incremental demand and replenish existing mine supply after the current crop of projects is ramped up. Aluminium production is one of the most energy-intensive industrial processes. That means the economics are overwhelmingly determined by energy costs and, in much of the world, rising electricity prices have rendered marginal smelting capacity uneconomic. In the medium to long term, we do not expect any major growth in Chinese primary supply, given the strict capacity swap policy in the sector with a capacity ceiling of 45Mt. Ex-China supply growth is also modest. The net result is a global aluminium market in which supply growth is constrained by energy availability and policy. For the precious metals, global gold mine production has plateaued, despite sustained high prices. The pipeline of new, large-scale gold discoveries has thinned markedly, reflecting both a decline in exploration success rates and the geological depletion of easily accessible deposits.

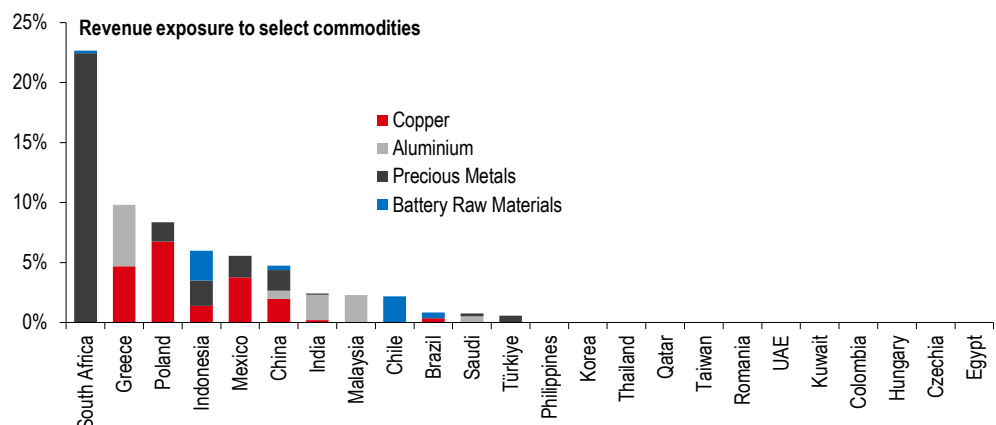
Which EM markets have the most direct exposure to our commodity preferences?

To assess which markets stand to benefit most from further gains in our preferred commodities, we examine the share of equity market revenues that is directly tied to these resources.

Overall, our analysis shows that the direct exposure to our preferred commodities is small, but there are a handful of EM markets that have some concentrated exposures:

- ◆ South Africa derives close to 22% of its revenues from precious metals, providing a direct lever to gold and platinum strength.
- ◆ Poland and Mexico have the deepest equity linkage to copper, with roughly 7% and 5% of market revenues, respectively, tied to the metal (mainly through KGHM and Grupo Mexico).
- ◆ Chile has roughly 2.5% of its revenue from lithium, with SQM accounting for over 15% of the FTSE Chile index.
- ◆ Indonesia also has direct revenue exposure to copper, precious metals and battery raw materials, including nickel and lithium.
- ◆ Greece has relatively high exposure to copper and aluminium (10% of FTSE Greece index revenues) through ElvalHalcor and Viohalco.

9. Equity market revenue exposure to our preferred commodities



Source: FTSE Russell, FactSet, HSBC

What's priced within the metals & mining sector?

We remain bullish on the metals & mining sector – particularly in the areas with exposure to copper, aluminium, precious metals and battery raw materials. But after a 130% rally in the metals and mining sector since the start of 2025, one of the most common questions we get is whether there is much upside left. We take four different approaches to assess what is priced:

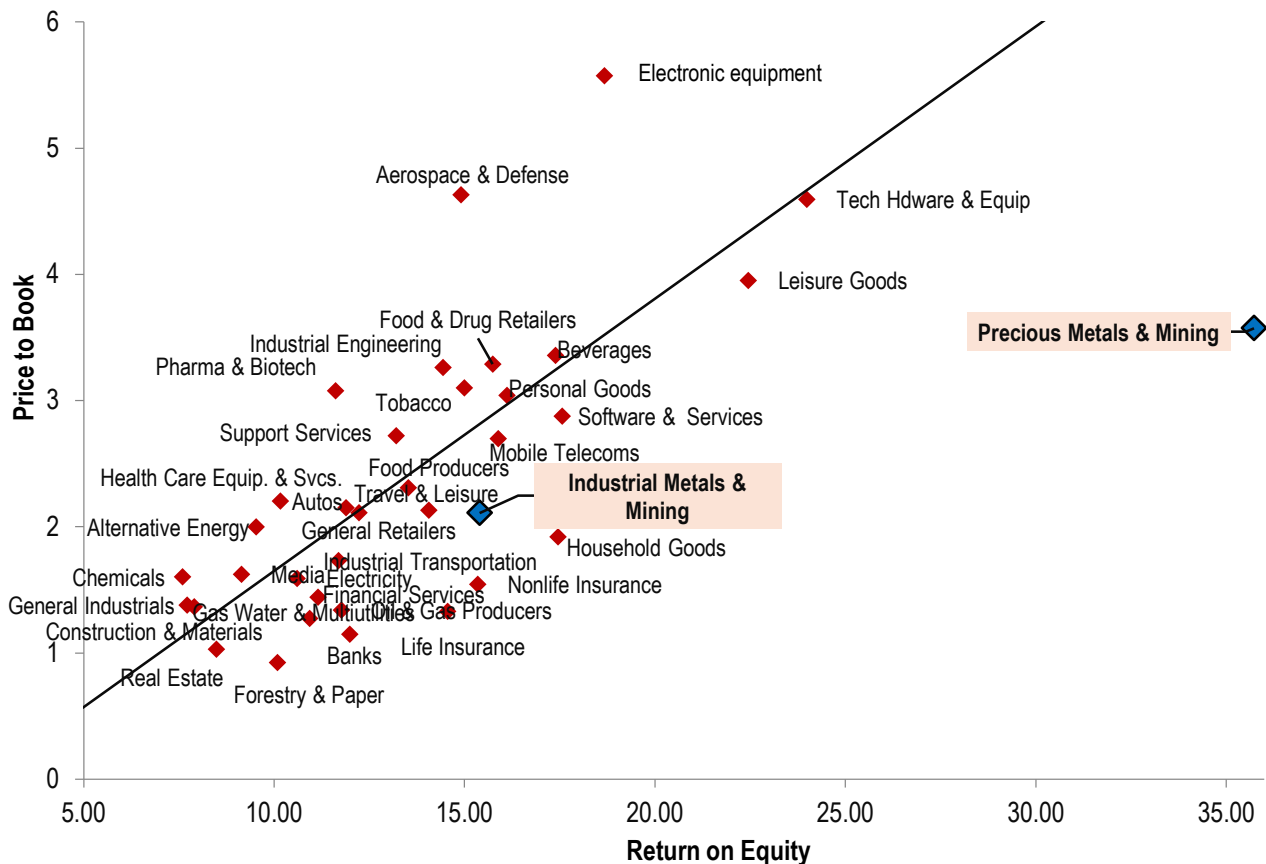
ROE vs Price to Book comparison

Comparing ROE vs Price to Book across EM sectors, we see that there appears to be more substantial value in the precious metals & mining sector – which, with an ROE of 35% and a PB of 3.5x, sits well below the trend line (chart 10). We believe this indicates the market does not believe the recent uplift to ROEs and earnings is structural. This scepticism is understandable given the historical cyclicity of mining earnings; if precious metal prices can be sustained at elevated prices and ROEs, for the sector to remain structurally higher, this should eventually be capitalised into valuations. In comparison, the industrial metals & mining sector is trading more in line with other sectors.

Sector weight and earnings share

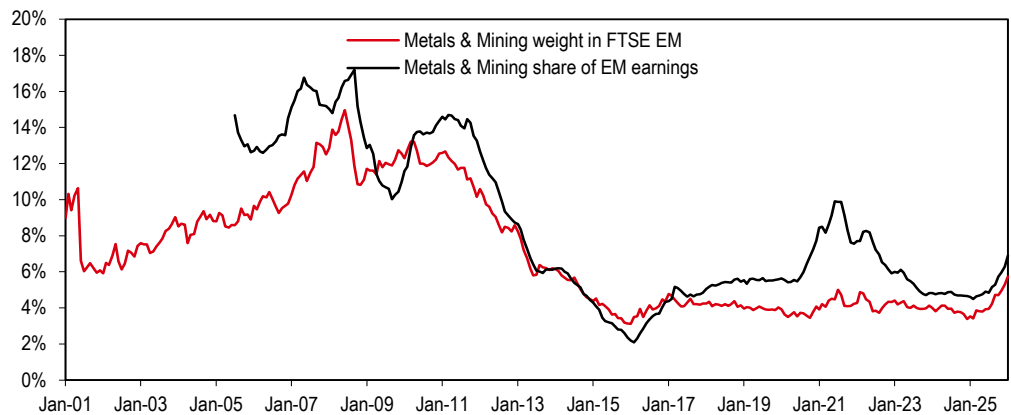
The metals & mining sector represents roughly 6% of the FTSE EM market capitalisation and a slightly higher share of earnings (7.5%), well below the peaks reached during the 2003-11 commodity boom. Historical precedent is instructive. During the 2003-11 super cycle, the metals & mining sector's weight in EM indices rose from approximately 6% to over 15% as commodity prices climbed and mining company valuations re-rated. If the current select commodity super-cycle proves durable, we would expect a similar – albeit less dramatic – re-weighting of the materials sector within EM indices.

10. Return on equity vs Price to Book for EM industry groups



Source: FTSE Russell, FactSet, HSBC

11. Weight of Metals & Mining in FTSE EM



Source: FTSE Russell, FactSet, HSBC

Machine learning valuation (MLV) model

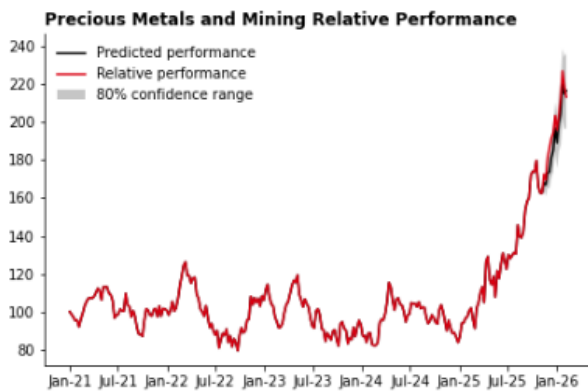
Our proprietary machine learning valuation model (MLV) estimates the “fair value” of a stock’s price-to-book ratio based on underlying fundamentals, including return on equity, margins, beta, leverage, dividend yield and earnings. We use this model to get a more quantitative assessment as to whether sector valuations have overshot what fundamentals would imply. Interestingly, our MLV model indicates there is pretty significant valuation dispersion across EM metals & mining stocks. For example, within South Africa and Brazil, the sector still trades at a meaningful c35% discount to implied fair value. In contrast, metals & mining stocks in Saudi and Mexico look richer, trading 30-40% above fair value, according to our MLV model.

12. Machine learning valuation (MLV) model – what is expensive/cheap?

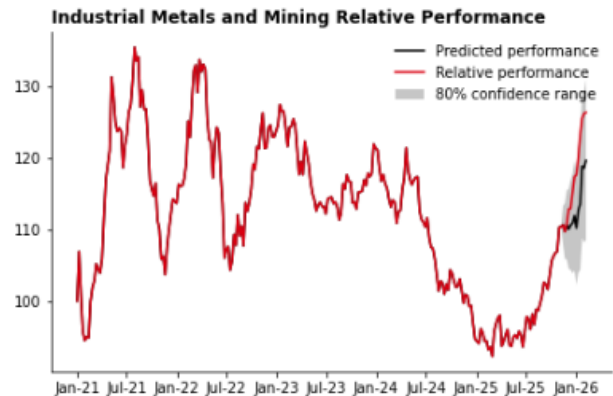
Actual Price to Book vs machine learning model predicted (Higher = more expensive)

	Health Care	Telecoms	Basic Materials	Metals and Mining	Utilities	Financials	Energy	Industrials	Cons. Disc	Technology	Real Estate	Consumer Staples
Kuwait		-46%				51%			-47%		93%	
India	58%	26%	1%	-10%	8%	52%	1%	55%	24%	39%	71%	70%
Czech Republic					49%	19%						
Taiwan		49%	2%	10%		17%	-8%	-7%	-15%	-7%		-5%
Saudi Arabia	53%	-26%	15%	40%	201%	-13%	-20%	16%	-25%	26%	-43%	-5%
Malaysia	29%	-2%	10%	25%	14%	-4%	12%	-22%	-46%			11%
Qatar		-25%	-7%			-7%	-6%	17%				
Mainland China	21%	5%	7%	4%	-8%	-18%	-20%	-24%	-8%	18%	-48%	-6%
Indonesia	-19%	5%	-18%	-18%	-30%	-11%	-49%	-36%	-36%	-34%	-65%	-45%
Chile			-17%	-14%	7%	12%	-44%	-57%	58%		18%	-21%
Mexico		-39%	26%	30%		-29%		1%	-35%		-42%	-33%
Greece		-31%			-30%	-7%	-16%	4%	-29%			
Romania	146%				-44%	-42%	15%					
United Arab Emirates		-15%	1%		10%	-9%	-7%	-40%	-14%		-58%	
Colombia					-23%	-17%	-19%					
Thailand	-13%	7%	-53%		-5%	-31%	-39%	-3%	2%		-17%	-23%
South Africa	-49%	-17%	-42%	-35%		-15%	-45%	-26%	-33%	-37%		-7%
Brazil	-20%	-18%	-35%	-37%	9%	-37%	-58%	10%	-48%	-34%	-21%	-17%
Philippines		-41%			-35%	-25%		-48%	-24%		-43%	-17%
Hungary	-63%	-38%				-20%	-66%					
Egypt		-77%				-45%						
Türkiye	-55%	-68%	-51%	-50%		-83%	-54%	-18%	-68%		-58%	-67%

Source: FTSE Russell, FactSet, HSBC

13. Our SEDRIC model suggests the precious metals & mining...


Source: FTSE Russell, FactSet, Bloomberg, HSBC

14. ...and the industrial metals & mining sector performance is in line with macro fundamentals


Source: FTSE Russell, FactSet, Bloomberg, HSBC

SEDRIC model – comparing returns versus macro fundamentals

Our fourth approach leverages our SEDRIC machine learning model³ to assess whether the relative performance of the metals & mining sector has overshot or undershot what macro fundamentals would imply. Trained on relationships between relative price performance and macro variables (bond yields, surprise indices, commodities, FX, etc) over the last three years, the model forecasts the expected relative performance of stocks based on the shift in macro conditions over the last three months. We then compare the actual vs predicted returns and measure the degree of dislocation. We also estimate a confidence range to provide further context on how extreme these divergences are. For the precious metals & mining names, our model indicates the performance is consistent with macro drivers. The industrial metals & mining sector, meanwhile, has overshot by around 6%, which may imply some temporary stabilisation in performance, but remains within our confidence bands and therefore does not imply a major dislocation with fundamentals.

Together, these lenses argue that the equity market has only partially captured the structural improvement in the commodity outlook.

Which markets can also benefit from the potential spillovers?

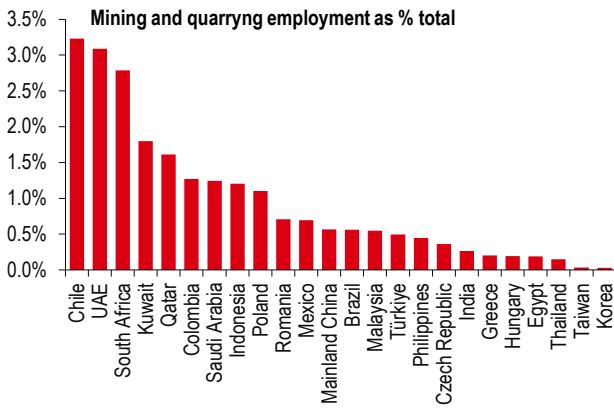
One of the other important consequences of a commodity rally is the positive spillovers to other sectors. Countries with high commodity intensity typically experience broad cyclical transmission through employment, fiscal revenues and domestic demand.

We focus on three indicators to gauge these spillovers:

- ◆ **Mining employment as a share of labour force:** Higher wages and job creation support consumption. In countries where mining employment is a significant share of the formal labour force, a commodity upswing generates meaningful increases in aggregate household income, which in turn supports consumer spending, retail sales and financial services revenues. The employment channel is particularly potent in economies where mining operations are geographically concentrated in regions with limited alternative sources of formal employment. In such settings, the marginal propensity to consume out of mining-related income is high, and the local multiplier effects are amplified. For equity investors, this translates into improved earnings prospects for consumer-facing companies and banks with

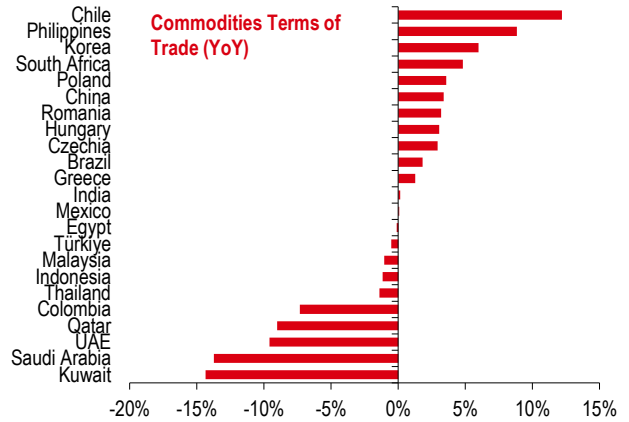
³ [What's driving EM equities? GEMs Equity Strategy](#), Alastair Pinder, 10 May 2023

15. Mining and quarrying employment as % total



Source: ILOSTAT, HSBC

16. Commodities terms of trade

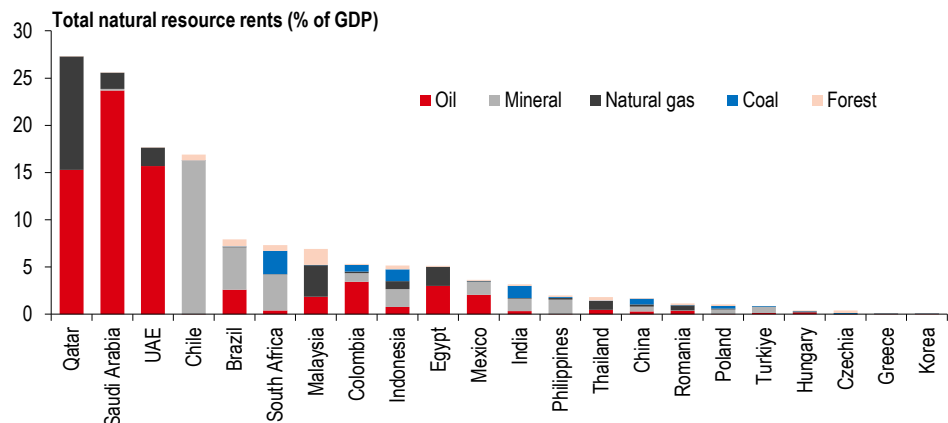


Source: IMF, HSBC

exposure to mining-intensive regions. Chile, GCC, South Africa, Colombia and Indonesia have some of the largest exposures to the mining sector within their labour markets.

- ◆ **Net resource rents as a percentage of GDP:** This captures the economic value a country generates from extracting natural resources after accounting for production costs, showing how dependent national income is on commodities. Countries with high resource rents relative to GDP tend to experience pronounced fiscal effects from commodity price movements. Rising commodity prices increase government revenues through royalties, corporate taxes on mining profits, export duties and state-owned enterprise dividends. This fiscal windfall can be deployed through increased public expenditure on infrastructure, social transfers and capital projects, generating additional economic stimulus. Conversely, it can be used to reduce sovereign borrowing, improving the country's credit profile and reducing risk premia, which in turn lowers the cost of equity and supports equity valuations across all sectors. Countries with high mineral resource rents as a % of GDP include Chile, Brazil, South Africa and Indonesia.
- ◆ **Commodity terms of trade:** A country's commodity terms of trade – the ratio of its commodity export prices to its commodity import prices – is a key determinant of EM currency moves and, by extension, foreign investor returns. When a country's primary commodity exports are rising in price, its terms of trade improve, its current account

17. Total natural resource rents as % of GDP



Source: World Bank, HSBC

strengthens, its currency tends to appreciate, and foreign investors benefit from both local asset price gains and positive currency effects. Improving terms of trade also tend to reduce sovereign risk premia, compress credit default swap spreads and attract portfolio capital inflows, creating a positive feedback loop between commodity prices, currency appreciation and equity market performance. This mechanism is particularly important for EM equity investors who measure returns in USD terms, as currency appreciation can significantly enhance total returns. Over the last one year, Chile, Philippines, South Africa and Korea have had the strongest increases in their commodity terms of trade index (chart 16).

On these measures, Chile, South Africa, Indonesia and Brazil are best positioned for a multiplier effect into banks, retailers and domestic cyclicals.

HSBC analysts' preferred mining ideas

18. HSBC's metals & mining best ideas

Company	BBG Ticker	Sub-Industry	Market Cap (USDbn)	ADTV (USDm)	12m fwd GEMs funds PE (x)	that own (%)	Rating	Price currency	Current price	Target price	Upside	Analyst
Zijin Mining	2899 HK	Gold	144.5	339.1	30.4	26.8	Buy	HKD	43.52	58.00	33.3%	Howard Lau*, CFA
Freeport-McMoRan	FCX US	Copper	90.2	1048.0	42.3	2.2	Buy	USD	62.84	69.00	9.8%	Jonathan Brandt, CFA
Vale	VALE US	Steel	75.4	543.5	11.6	32.3	Buy	USD	16.65	18.75	12.6%	Jonathan Brandt, CFA
Sibanye	SSW SJ	Precious Metals	12.0	57.3	3.6	16.4	Buy	ZAR	66.04	103.00	56.0%	Shilan Modi*, CFA
Northam Platinum	NPH SJ	Precious Metals	9.3	49.8	89.7	10.0	Buy	ZAR	368.67	470.00	27.5%	Shilan Modi*, CFA
ARM	ARI SJ	Diversified Metals	2.9	6.7	11.2	2.6	Buy	ZAR	222.26	265.00	19.2%	Shilan Modi*, CFA

Source: FactSet, Bloomberg, HSBC, Note: Closing prices as of 16 February 2026

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Zijin Mining (2899 HK, Buy, TP HKD58.00)

Our best mining idea in Asia is Zijin Mining (2899 HK). It stands out for its strong asset exposure to copper and gold, robust production growth driven by ongoing mine expansion, and attractive valuation relative to domestic peers. The company's three-year production plan has laid out solid production growth targets for copper, gold, and lithium. Zijin's operational excellence in cost control and project execution combines with a structurally tight copper market and supportive gold price environment. Taken together, we are confident in Zijin's ability to deliver stable earnings growth and long-term resource expansion.

Links to recent reports:

[China Materials: Tour takeaways and investor feedback](#), 12 February 2026

[Zijin Mining \(2899 HK/601899 CH\): Production plan to anchor growth](#), 9 February 2026

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Freeport McMoRan Inc (FCX US, Buy, TP USD69.00)

Freeport is one of the world's largest copper mining companies. The company also produces a significant amount of gold as a by-product in several of its copper mines, along with a significant amount of molybdenum. One of its key copper reserves is the Grasberg complex in Indonesia, which is among the lowest cost mining operations in the world due to its geology and gold by-product credits.

The company suffered a disruption at its Grasberg mine in late 2025 that has significantly disrupted production, though this has been mostly offset by higher gold and copper prices over the last several months. Over the past 12 months, the company's share price has increased by c56%, and c21% y-t-d. However, despite the significant rally in the company's share price, we still like the medium-to-long term growth prospects of the company, particularly in Indonesia. Additionally, while its US copper operations currently sit at the higher end of the cost curve, its leaching initiatives continue to provide growth and margin improvements, which, combined with its cost efficiency measures, should enable the company to capture additional margin improvement in the coming quarters.

Links to recent reports:

[Freeport-McMoRan Inc\(FCX US\): Brick by brick](#), 22 January 2026

[Americas Metals & Mining: The stage is set for a stellar year](#), 18 January 2026

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Vale (VALE US, Buy, TP USD18.75)

Vale is a diversified miner and the largest iron ore producer globally since 2025, when the company reported an annual output of 336Mt. The company also has a key presence in base metals, as one of the largest nickel producers in the world, and is scaling its presence in the copper market with the goal of doubling production to 700kt by 2035. Therefore, the company has a global influence in these markets, and is positioning itself to be one of the key players in the EV transition.

Vale has been undergoing important changes since the new CEO took office in October 2024. The new management team is focusing on improving its current operations, increasing production and running more efficient, drilling and exploring its asset base, coming up with new products, deleveraging its balance sheet and consistently identifying efficiency gains. Additionally, Vale has regained its credibility, in our view, by consistently beating guidance, executing on projects and capturing operational improvements. We continue to like Vale given its significant improvement and production growth in its base metals division, combined with its attractive valuation and potential for significant capital returns.

Links to recent reports:

[Vale \(VALE US\): Vale Base Metals shining](#), 13 February 2026

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Sibanye (SSW SJ, Buy, TP ZAR103.00)

Sibanye-Stillwater is one of the world's largest primary producers of platinum, palladium, and rhodium, and is a top tier gold producer. The group has diversified into battery metals mining and processing and has increased its presence in the circular economy by growing its recycling and tailings reprocessing exposure globally. Sibanye is both operationally and financially geared to precious metals prices, which has resulted in the stock outperforming peers in the precious metals boom over the last year. Based on HSBC price estimates, we expect the company's 2025e and 2026e headline earnings to grow by 938% y-o-y and 173% y-o-y. Sibanye's high-cost gold asset returned to profitability in 2025 and continues to benefit from the elevated price environment. PGM prices have increased sharply, supported by underlying bullish fundamentals, which could enable Sibanye to deleverage at a faster rate than even six months ago. We think the company could return to paying dividends in 2026, with the yield potentially rising as the company deleverages.

Links to recent reports:

[PGM Miners: Like a rocket – revised cost curve and LT price](#), 23 January 2026

Northam Platinum (NPH SJ, Buy, TP ZAR470.00)

Northam Platinum is a PGM pure play with its three mines based in South Africa. The company has invested through the protracted PGM downturn of the last decade and therefore has benefited from the rising PGM price environment. Northam's production mix is biased towards platinum and rhodium, giving the company higher levels of revenue growth vs peers on our estimates. This should in turn translate into substantial earnings growth and ultimately dividends for shareholders. As we think the company has limited near-term investment/growth opportunities, other than ramping up Eland, we think the company may return most of its free cash to shareholders in the short to medium term.

Links to recent reports:

[PGM Miners - Like a rocket – revised cost curve and LT price](#), 23 January 2026

African Rainbow Minerals (ARI SJ, Buy, TP ZAR265.00)

African Rainbow Minerals is a diversified South African miner with operations in iron ore, manganese, PGMs and coal. The company's PGM operations are relatively low margin and therefore benefit disproportionately from a rising PGM price environment. We see margins rising from near zero in 1H25 to c50% in 1H27 as prices improve, driving improved cash generation which we think can be used to fund dividends and/or growth. The company previously mothballed expansion plans for its Bokoni PGM mine, which we think could be restarted in the coming years. Additionally, we think ARM could benefit from improved cash returns from its c12% holding in Harmony Gold, which benefits from elevated gold prices.

Links to recent reports:

[EMEA Miners: Metals quarterly 26Q1 miners update](#), 21 January 2026

Data dashboard

HSBC Equity Strategy recommendations across different regions/benchmarks

Equity Strategy Recommendations

Global

Benchmark: FTSE All-World

Europe ex UK	Overweight
Emerging markets	Overweight
DM Asia ex Japan	Neutral
Canada	Neutral
UK	Neutral
US	Neutral
Japan	Underweight

Emerging Markets

Benchmark: FTSE All-World Emerging

Asia	Mainland China	Overweight
EEMEA	Saudi Arabia	Overweight
	South Africa	Overweight
	Türkiye	Overweight
	Egypt	Overweight
	Mexico	Overweight
LatAm		
Asia	India	Neutral
	Indonesia	Neutral
	Taiwan	Neutral
EEMEA	UAE	Neutral
	Romania	Neutral
	Czech Rep	Neutral
	Hungary	Neutral
	Iceland	Neutral
LatAm	Brazil	Neutral
	Chile	Neutral
Asia	Malaysia	Underweight
	Philippines	Underweight
	Thailand	Underweight
EEMEA	Qatar	Underweight
	Greece	Underweight
	Kuwait	Underweight
LatAm	Colombia	Underweight

Asia

Benchmark: FTSE All-World Asia x JP AU NZ

Mainland China	Overweight
India	Overweight
Hong Kong	Overweight
Malaysia	Neutral
Philippines	Neutral
Japan	Neutral
Singapore	Neutral
Indonesia	Neutral
Korea	Underweight
Taiwan	Underweight
Thailand	Underweight

Note: Differences in market allocations across regions may arise due to different opportunity sets which can mean the attractiveness of a market's relative return potential and diversification benefits can vary depending on the regional context. For example, a specific market may look attractive compared to its Asia peers but may rank less favourably in an EM context due to better opportunities in EMEA and LatAm.

Source: HSBC.

For an overview of our latest GEMs, Global, and Asia Equity Strategy views please see:

[GEM Equity 2026 Outlook: The structural handover: EM's turn to lead](#), Alastair Pinder, 8 January 2026

[Global Equity 2026 Outlook: The rally rolls on](#), Alastair Pinder, 1 December 2025

[Asia Equity Insights Quarterly: The Year of the Horse: Looking beyond the AI rally](#), Herald van der Linde, 12 January 2026

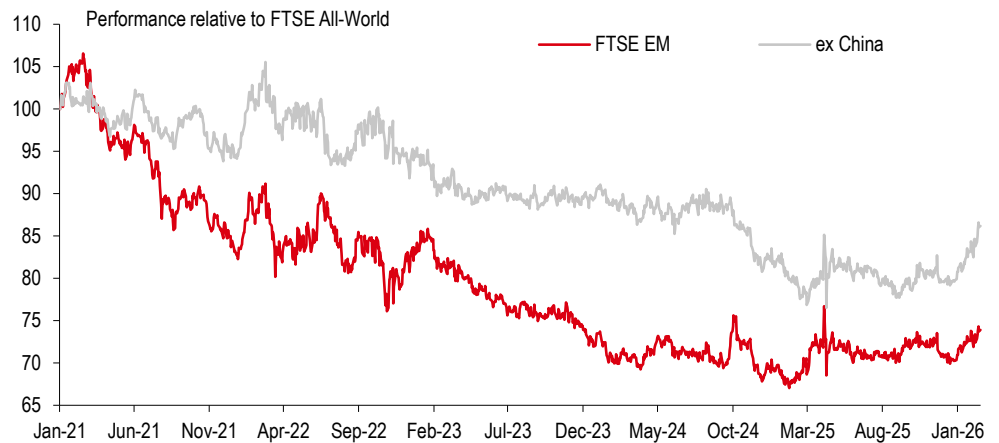
EM performance

Performance of FTSE EM index



Source: FTSE Russell, FactSet, HSBC

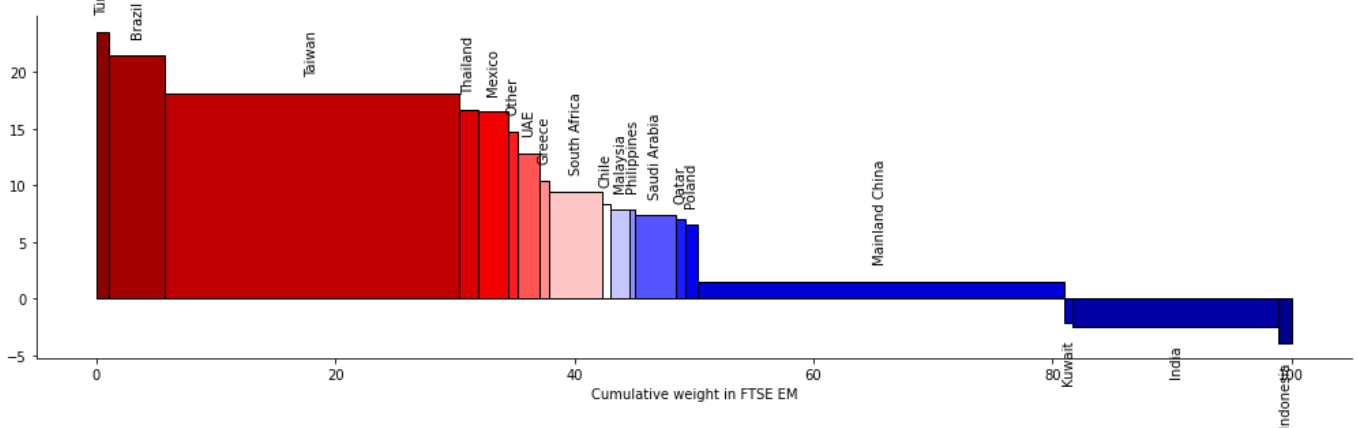
Relative performance of FTSE EM and EM (ex-mainland China) indexes



Source: FTSE Russell, FactSet, HSBC

FTSE EM market performance YTD

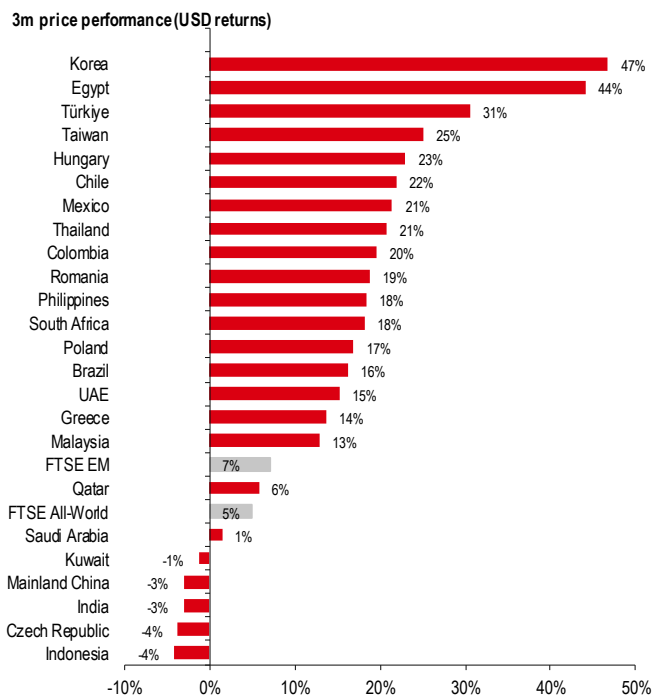
FTSE EM market performance YTD (width of bar represents weight in EM benchmark)



Source: FTSE Russell, FactSet, HSBC; Others=Hungary, Czech Republic, Colombia, and Egypt

EM performance

Market performance metrics



Price performance (USD returns)

	1m	3m	6m	1y	YTD	% from 52w high
FTSE All-World	1%	5%	10%	18%	3%	-1%
FTSE EM	3%	7%	15%	28%	7%	-1%
Asia	2%	5%	13%	26%	6%	-1%
Korea	17%	47%	81%	135%	34%	0%
Taiwan	8%	25%	38%	62%	18%	0%
Thailand	14%	21%	23%	27%	17%	-1%
Philippines	2%	18%	2%	13%	8%	-2%
Malaysia	5%	13%	19%	22%	8%	0%
Mainland China	-3%	-3%	4%	16%	1%	-7%
India	0%	-3%	1%	9%	-2%	-5%
Indonesia	-6%	-4%	-7%	-2%	-4%	-8%
EMEA	4%	12%	16%	27%	10%	-2%
Egypt	17%	44%	63%	115%	39%	0%
Türkiye	11%	31%	23%	20%	24%	0%
Hungary	6%	23%	29%	71%	15%	-6%
Romania	6%	19%	26%	58%	15%	0%
South Africa	4%	18%	36%	70%	9%	-5%
Poland	5%	17%	18%	50%	7%	-3%
UAE	9%	15%	9%	23%	13%	-1%
Greece	3%	14%	12%	72%	10%	-6%
Qatar	3%	6%	-1%	10%	7%	-1%
Saudi Arabia	3%	1%	5%	-6%	7%	-7%
Kuwait	-1%	-1%	-4%	7%	-2%	-5%
Czech Republic	-7%	-4%	5%	37%	-5%	-8%
LatAm	12%	18%	34%	48%	19%	-2%
Chile	1%	22%	37%	54%	8%	-6%
Mexico	9%	21%	32%	54%	16%	0%
Colombia	0%	20%	44%	64%	21%	-9%
Brazil	16%	16%	34%	44%	21%	-3%

Source: FTSE Russell, FactSet, HSBC

Three-month price performance by market and sector

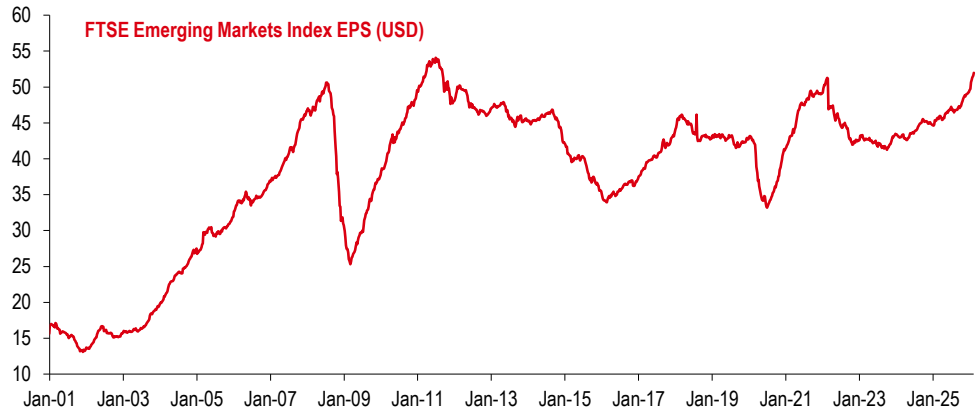
3m price performance (USD returns)

Market	Basic					Cons. Disc.	Cons. Staples	Technology	Health			
	Energy	Materials	Financials	Industrials	Care				Telecoms	Utilities	Real Estate	
Asia	5%	1%	15%	2%	7%	-3%	-4%	12%	-1%	0%	2%	2%
India	-3%	-6%	8%	-1%	0%	-4%	-7%	-12%	-4%	-4%	0%	-10%
Indonesia	-4%	-1%	0%	-6%	6%	-1%	-5%		-13%	-3%	22%	-8%
Mainland China	-3%	8%	21%	-1%	6%	-3%	-4%	-12%	-3%	-5%	-2%	1%
Malaysia	13%	0%	15%	23%	-1%	8%	8%		10%	-3%	7%	14%
Philippines	18%	-4%		18%	25%	20%	12%			11%	8%	21%
Korea	47%	23%	25%	36%	15%	42%	12%	49%	2%	86%	25%	
Taiwan	25%	-8%	16%	12%	21%	-5%	-4%	28%	36%	16%		30%
Thailand	21%	26%	39%	16%	28%	21%	12%	9%	14%	27%	41%	30%
EMEA	12%	5%	26%	13%	16%	4%	7%	-20%	6%	11%	-1%	16%
Czech Republic	-4%			4%								-10%
Egypt	44%			44%								
Greece	14%			15%	29%	-5%				5%	12%	
Hungary	23%	23%		25%					24%	16%		
Kuwait	-1%			-1%	1%					2%		-4%
Poland	17%	7%	60%	18%		7%	0%					
Qatar	6%	8%	-3%	9%	6%					1%	1%	-2%
Saudi Arabia	1%	-1%	8%	6%	-2%	-13%	-10%		-7%	3%	-14%	-5%
South Africa	18%	9%	35%	22%	10%	-1%	6%	-21%	38%	23%		13%
Türkiye	31%	20%	20%	33%	40%	23%	29%			31%	18%	
UAE	15%	3%		19%	8%	19%				12%		21%
LatAm	18%	18%	34%	19%	19%	10%	18%	-20%	-10%	9%	11%	17%
Brazil	16%	18%	30%	18%	13%	11%	11%	-20%	-10%	15%	11%	10%
Chile	22%	18%	28%	25%	4%	26%	13%				3%	30%
Colombia	20%	18%		21%	16%						20%	
Mexico	21%		42%	22%	24%	1%	22%			6%		15%

Source: FTSE Russell, FactSet, HSBC

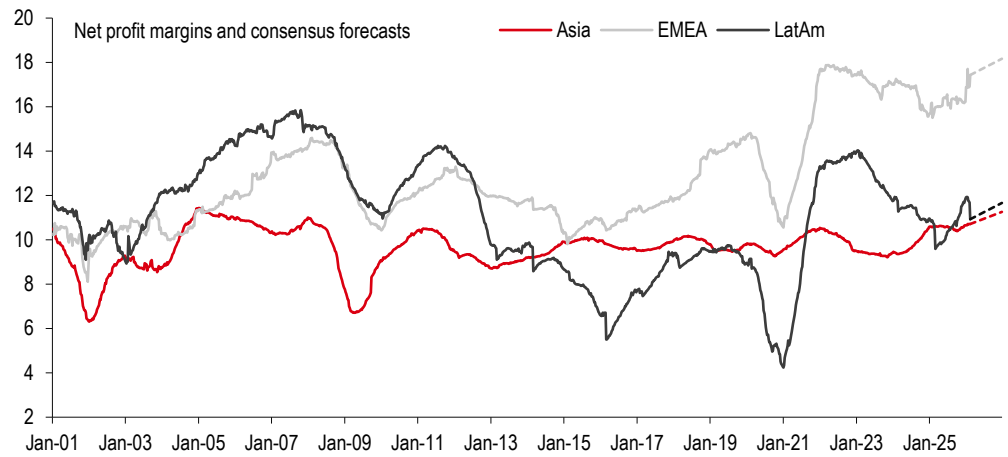
Earnings

FTSE EM earnings per share



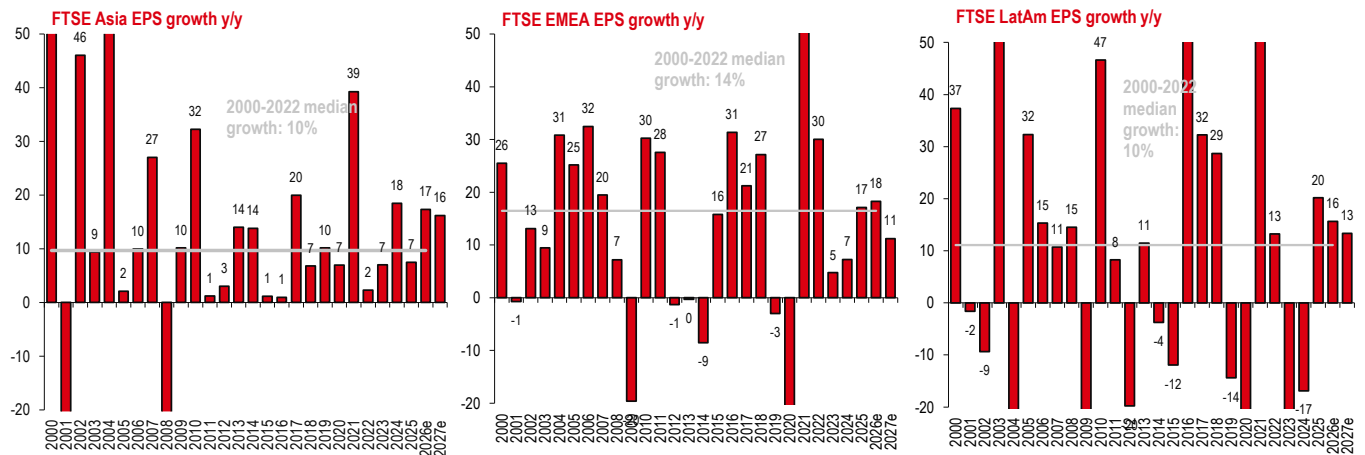
Source: FTSE Russell, FactSet, HSBC

Regional EM net profit margins



Source: FTSE Russell, FactSet, HSBC

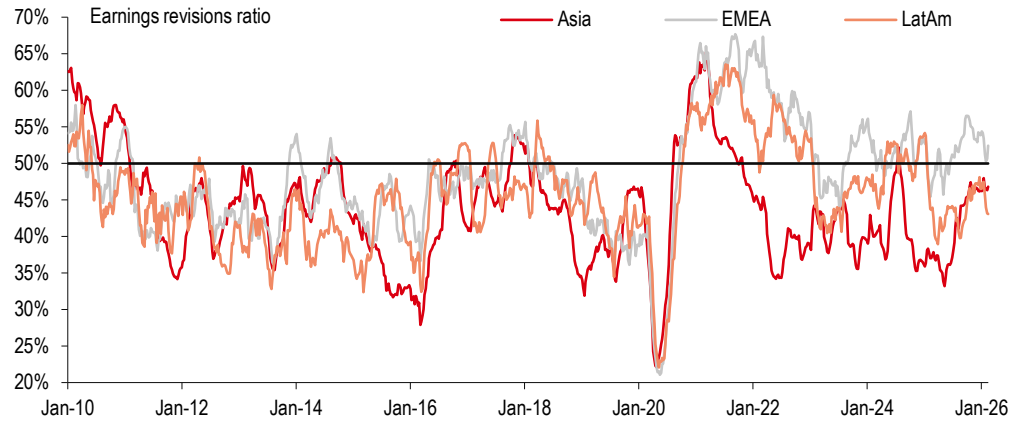
Regional EM EPS growth y-o-y



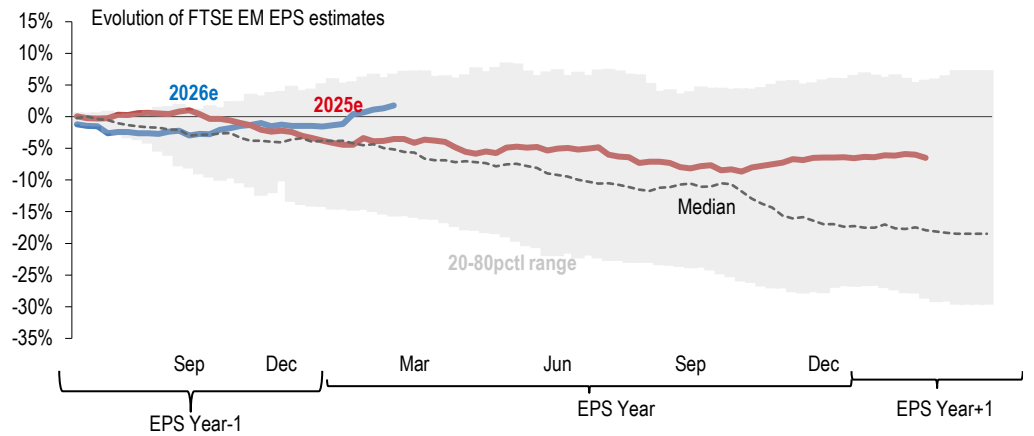
Source: FTSE Russell, FactSet, HSBC

Earnings

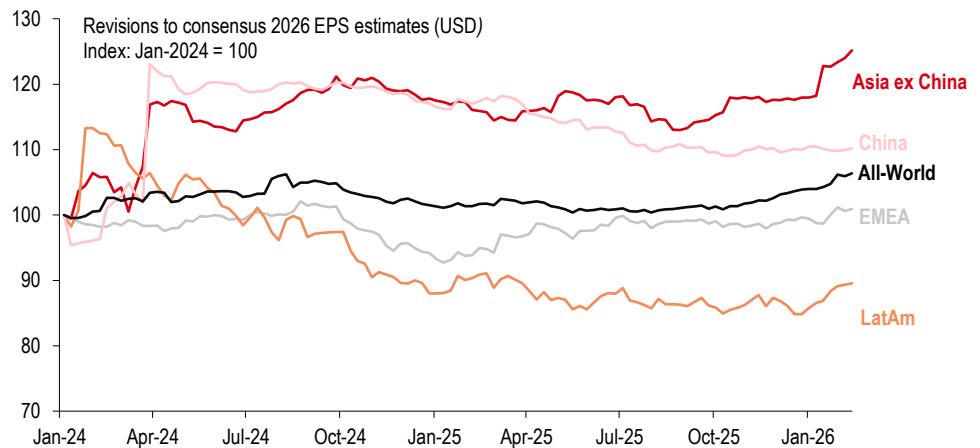
Regional EM earnings revisions ratio



Historical evolution of EM EPS estimates

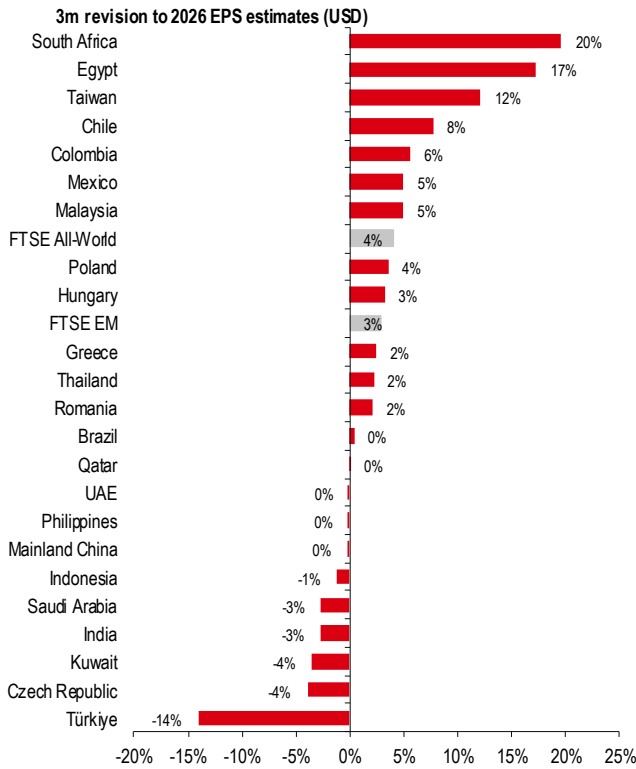


EM earnings revisions to 2026 estimates



Earnings

Market earnings metrics



Source: FTSE Russell, FactSet, HSBC

Earnings summary

	2025	2026	2025	2026	2025	2026	
	3m EPS	EPS	EPS	Sales	Sales	2025 net	2026 net
	revision	growth	growth	growth	growth	margin	margin
FTSE All-World	4.1%	9.7%	16.4%	5.0%	6.5%	11.9%	12.8%
FTSE EM	2.8%	10.3%	17.3%	7.5%	10.7%	11.4%	12.1%
Asia	2%	7%	17%	8%	11%	11%	11%
Korea	58%	35%	115%	7%	18%	9%	16%
Taiwan	12%	23%	32%	19%	22%	11%	12%
Malaysia	5%	1%	8%	5%	5%	13%	13%
Thailand	2%	16%	0%	-6%	3%	7%	7%
Philippines	0%	6%	9%	5%	8%	16%	16%
Mainland China	0%	2%	13%	6%	8%	10%	11%
Indonesia	-1%	-7%	13%	1%	9%	15%	16%
India	-3%	10%	16%	5%	10%	12%	12%
EMEA	5%	17%	18%	11%	13%	17%	18%
South Africa	20%	44%	35%	10%	13%	16%	20%
Egypt	17%	50%	-11%	22%	8%	62%	56%
Poland	4%	24%	6%	-2%	2%	12%	13%
Hungary	3%	8%	6%	0%	-1%	17%	18%
Greece	2%	2%	5%	1%	1%	17%	18%
Romania	2%	-9%	4%	9%	4%	20%	22%
Qatar	0%	0%	11%	-3%	4%	29%	31%
UAE	0%	21%	5%	20%	9%	27%	26%
Saudi Arabia	-3%	-1%	9%	7%	5%	19%	20%
Kuwait	-4%	7%	0%	9%	5%	32%	31%
Czech Republic	-4%	-2%	7%	-2%	-4%	16%	18%
Türkiye	-14%	21%	46%	28%	36%	6%	7%
LatAm	2%	20%	16%	2%	5%	11%	12%
Chile	8%	25%	14%	3%	6%	10%	10%
Colombia	6%	-18%	-7%	-10%	2%	16%	14%
Mexico	5%	11%	16%	4%	6%	9%	10%
Brazil	0%	27%	17%	1%	5%	12%	13%

Three-month EPS revisions by market and sector

3m revision to 2026 EPS estimates (USD)

Market	Basic					Cons. Disc.	Cons. Staples	Technology	Health			
	Market	Energy	Materials	Financials	Industrials				Care	Telecoms	Utilities	Real Estate
Asia	2%	0%	10%	2%	0%	-5%	0%	8%	1%	-4%	-3%	-12%
India	-3%	-1%	4%	-3%	0%	-8%	-6%	-1%	-4%	-2%	-7%	-4%
Indonesia	-1%	3%	3%	0%	-3%	6%	3%	0%	0%	-4%	-4%	-25%
Mainland China	0%	3%	14%	4%	1%	-5%	1%	-2%	4%	-7%	-3%	-20%
Malaysia	5%	6%	-4%	7%	-4%	13%	9%		8%	0%	-1%	8%
Pakistan												
Philippines	0%	-7%		-2%	4%	-6%	-1%			-1%	7%	2%
Korea	58%	103%	25%	2%	-5%	-2%	0%	94%	9%	108%	13%	
Taiwan	12%	-10%	30%	6%	1%	2%	-6%	14%	-30%	3%		3%
Thailand	2%	2%	-12%	2%	-5%	4%	1%	3%	4%	7%	6%	3%
EMEA	5%	-3%	33%	1%	-5%	-6%	1%	-1%	-2%	1%	-2%	-2%
Czech Republic	-4%				4%							
Egypt	17%				17%							
Greece	2%	28%		1%	0%	1%				4%	11%	
Hungary	3%	13%		4%					-3%	-2%		
Kuwait	-4%				-4%					0%		2%
Poland	4%	3%	22%	1%		8%	-5%					
Qatar	0%	2%	-1%	0%						0%		
Saudi Arabia	-3%	-5%	-3%	1%	-11%	-22%	-5%		-3%	-1%	-14%	
South Africa	20%	3%	40%	8%	1%	3%	7%	-1%	12%	11%		4%
Türkiye	-14%	-22%		-7%	-13%	-14%	-2%			-29%		
UAE	0%	2%		2%	-7%	4%				1%		1%
LatAm	2%	-5%	8%	3%	1%	6%	2%	-1%	-4%	2%	0%	3%
Brazil	0%	-5%	6%	1%	0%	-1%	2%	-1%	-4%	2%	0%	-1%
Chile	8%	8%	17%	9%	-63%	17%	0%				-10%	10%
Colombia	6%	-11%		8%	-2%						12%	
Mexico	5%		14%	5%	2%	4%	2%			2%		5%

Source: FTSE Russell, FactSet, HSBC

Earnings

2026 EPS growth by market and sector

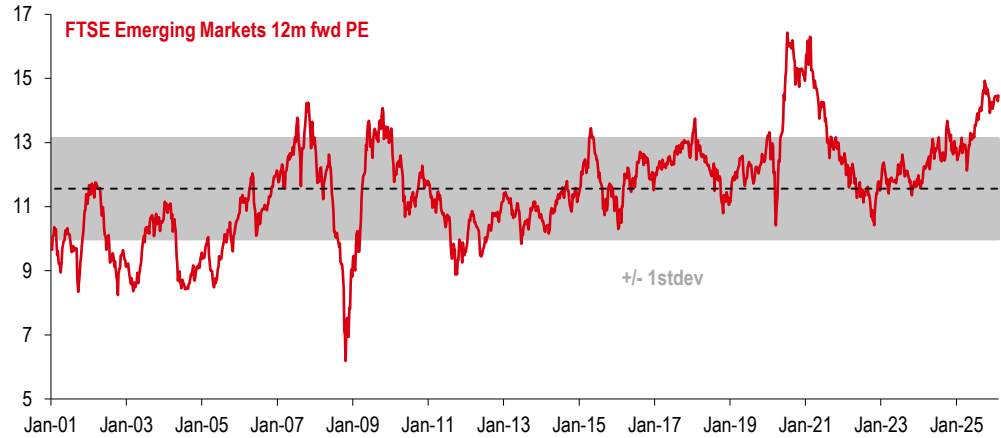
2026 EPS Growth

	Market	Energy	Basic Materials	Financials	Industrials	Cons. Disc.	Cons. Staples	Technology	Health Care	Telecoms	Utilities	Real Estate
Asia	17%	12%	47%	4%	13%	20%	9%	32%	14%	19%	4%	36%
India	16%	7%	34%	14%	21%	27%	9%	12%	9%	66%	12%	30%
Indonesia	13%		44%	6%	25%	3%	14%		9%	16%	8%	10%
Mainland China	13%	21%	37%	0%	11%	21%	11%	24%	15%	15%	6%	58%
Malaysia	8%	15%	53%	5%	11%	14%	8%		19%	10%	7%	19%
Philippines	9%	4%		6%	13%	12%	9%			4%	14%	9%
Korea	115%	992%	1253%	12%	77%	28%	98%	140%	40%	216%	23%	
Taiwan	32%	112%	1891%	7%	15%	14%	13%	38%	112%	7%		2%
Thailand	0%	5%	144%	-4%	-11%	8%	-2%	23%	6%	16%	-49%	2%
EMEA	18%	7%	67%	9%	17%	15%	14%	22%	35%	8%	21%	7%
Czech Republic	7%			0%							17%	
Egypt	-11%			-11%								
Greece	5%	-28%		7%	11%	6%				5%	48%	
Hungary	6%	13%		3%					17%	0%		
Kuwait	0%			0%						8%		-29%
Poland	6%	9%	172%	-10%		29%	24%					
Qatar	11%	5%	7%	13%	9%					7%		
Saudi Arabia	9%	8%	48%	7%	5%	37%	-2%		12%	1%	28%	
South Africa	35%	-3%	70%	10%	9%	13%	9%	22%	169%	28%		6%
Türkiye	46%	83%		52%	55%	16%	37%			20%		
UAE	5%	-1%		3%	10%	13%				-7%		10%
LatAm	16%	-21%	94%	12%	10%	17%	14%	19%	20%	23%	52%	13%
Brazil	17%	-22%	130%	14%	19%	31%	9%	19%	20%	19%	64%	10%
Chile	14%	2%	72%	7%	-45%	10%	23%				5%	7%
Colombia	-7%	-1%		5%	-74%						12%	
Mexico	16%		33%	7%	16%	12%	15%			25%		15%

Source: FTSE Russell, FactSet, HSBC

Valuations

FTSE EM 12-month forward PE



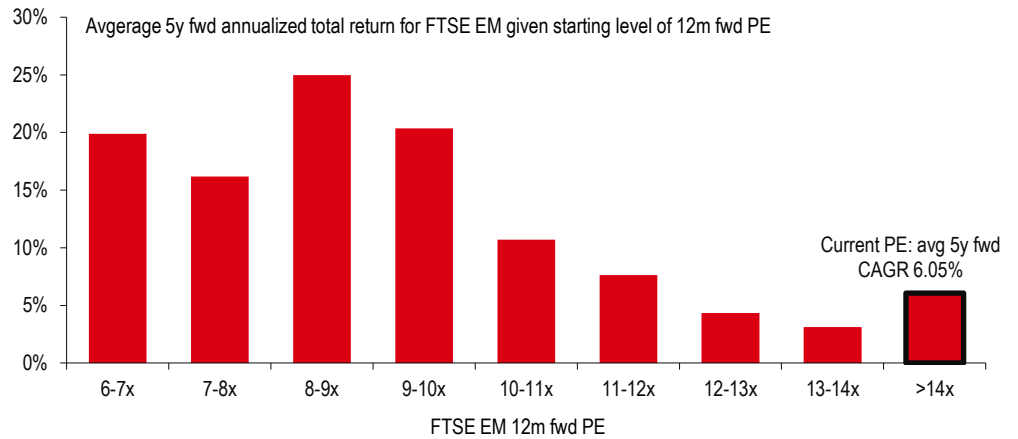
Source: FTSE Russell, FactSet, HSBC

FTSE EM relative valuations



Source: FTSE Russell, FactSet, HSBC

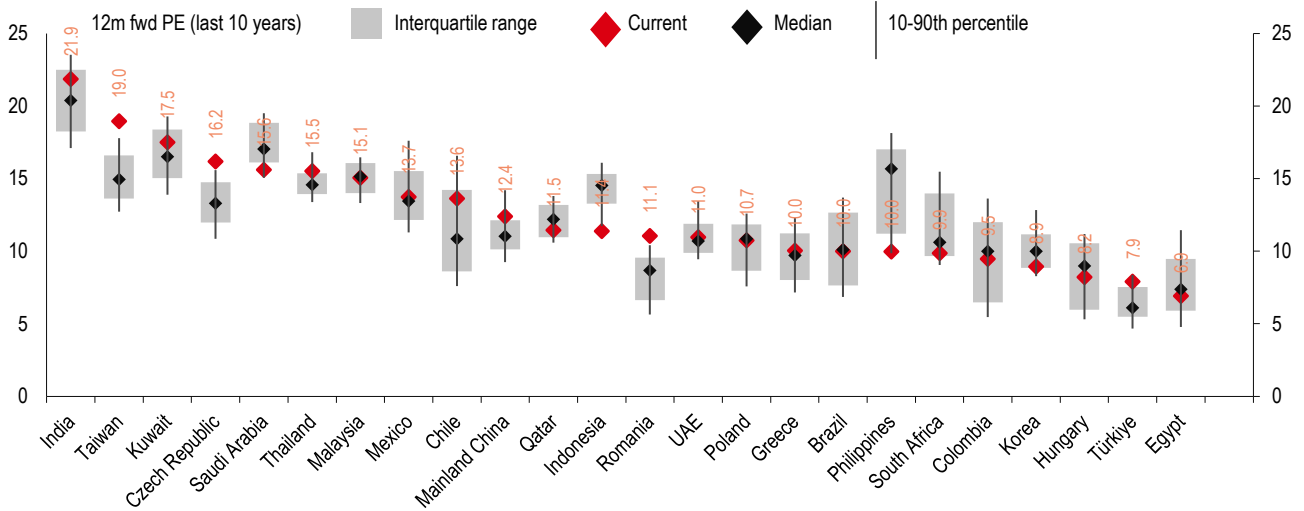
Five-year forward returns for FTSE EM given starting valuation level



Source: FTSE Russell, FactSet, HSBC

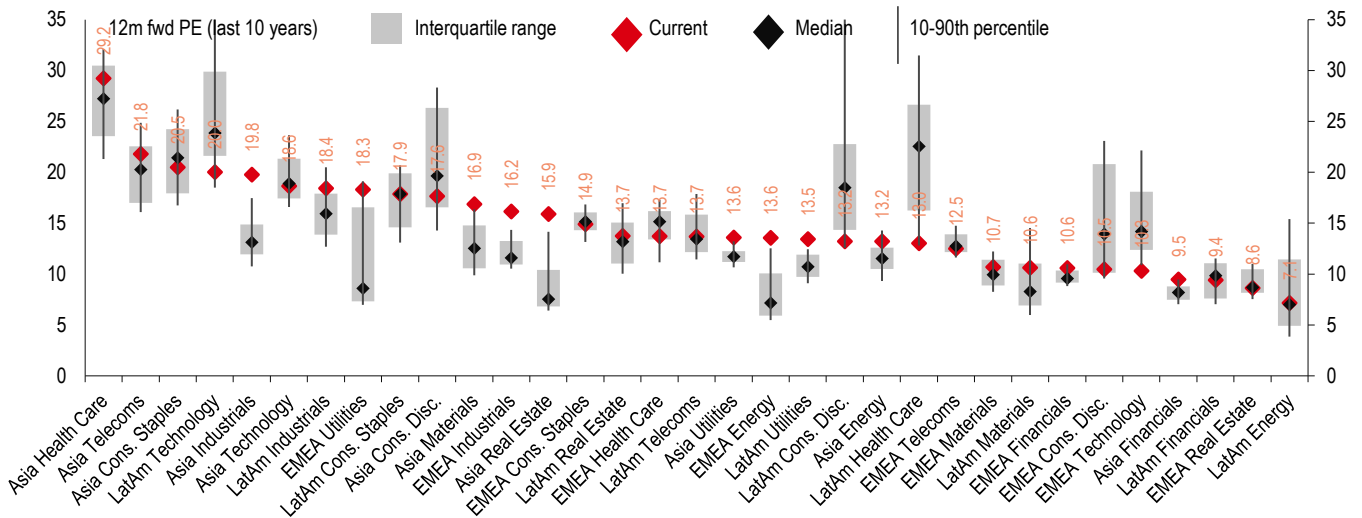
Valuations

EM markets – 12-month forward PE



Source: FTSE Russell, FactSet, HSBC

EM sectors – 12-month forward PE



Source: FTSE Russell, FactSet, HSBC

Valuations

EM valuations

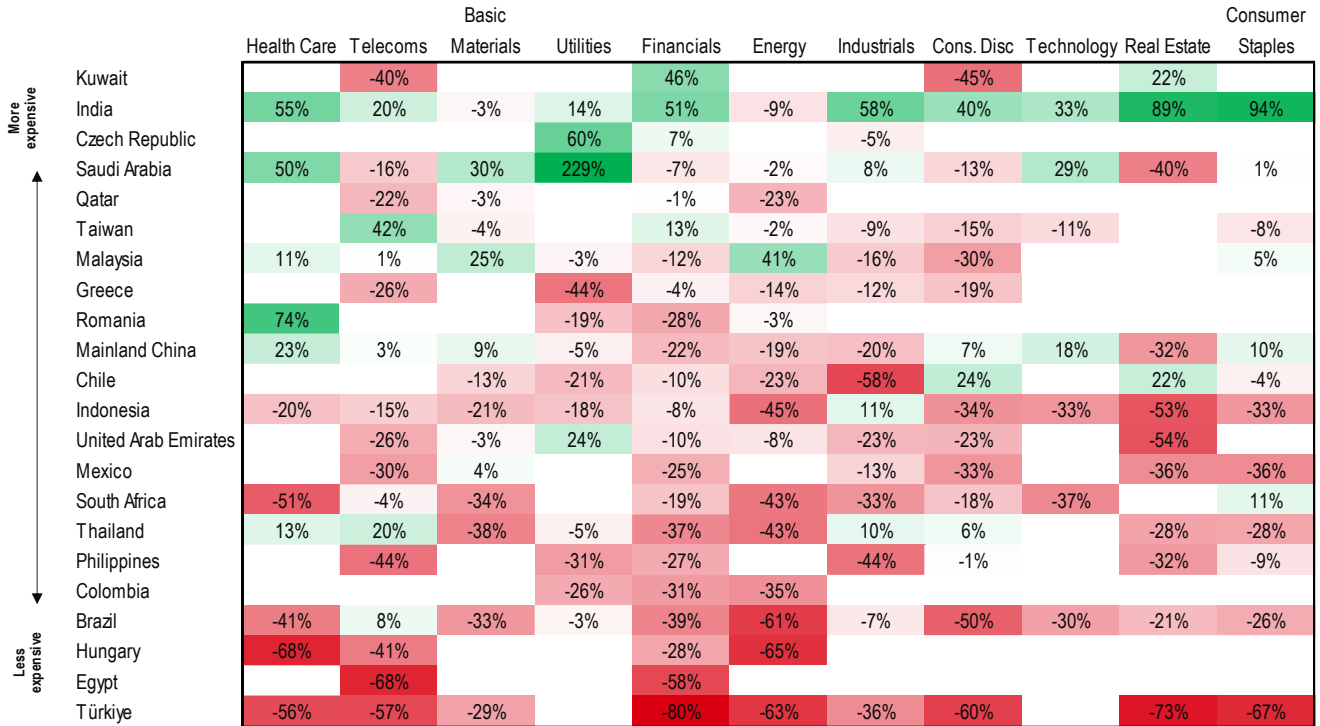
	Price to earnings			Price to book			Dividend yield	
	12m fwd	Average		12m fwd	Average		12m fwd	Average
		Last 10y	Difference		Last 10y	Difference		
FTSE DM	19.1	16.9	13%	3.3	2.4	35%	1.9	2.7
FTSE EM	14.5	12.7	14%	2.0	1.6	26%	2.8	3.4
EM Asia	15.7	13.7	15%	2.1	1.7	24%	2.3	2.9
Mainland China	12.4	11.3	10%	1.4	1.3	5%	2.8	3.1
India	21.9	20.3	8%	3.3	2.9	13%	1.4	1.6
Indonesia	11.4	14.2	-20%	1.7	2.1	-22%	6.0	3.7
Malaysia	15.1	15.1	0%	1.4	1.4	1%	4.0	3.8
Philippines	10.0	14.4	-31%	1.3	1.7	-25%	3.6	2.3
Korea	8.9	10.2	-12%	1.6	1.0	71%	1.3	2.4
Taiwan	19.0	15.0	26%	3.8	2.1	83%	2.1	3.7
Thailand	15.5	14.8	5%	1.4	1.6	-12%	3.9	3.3
EMEA	11.2	10.3	9%	1.8	1.4	33%	4.2	4.5
Czech Republic	16.2	13.2	23%	2.1	1.5	39%	5.2	6.4
Egypt	6.9	7.8	-11%	1.9	1.6	19%	4.6	3.8
Greece	10.0	9.7	3%	1.4	0.8	79%	4.8	4.5
Hungary	8.2	8.4	-2%	1.3	1.1	20%	4.2	3.7
Kuwait	17.5	16.6	5%	2.0	1.8	10%	3.1	3.5
Poland	10.7	10.4	4%	1.5	1.1	36%	5.4	4.8
Qatar	11.5	12.1	-6%	1.6	1.6	1%	4.6	4.3
Saudi Arabia	15.6	17.3	-10%	2.0	2.2	-6%	4.3	3.9
South Africa	9.9	11.6	-15%	2.1	1.7	23%	4.2	3.9
Türkiye	7.9	6.4	24%	1.1	1.0	13%	3.4	5.0
UAE	11.0	11.1	-1%	1.8	1.4	28%	4.3	4.8
Romania	11.1	8.4	32%	1.9	1.3	42%	5.7	7.4
LatAm	11.2	10.4	7%	1.8	1.5	15%	4.9	4.7
Colombia	9.5	9.5	-1%	1.2	1.1	15%	5.3	5.5
Mexico	13.7	13.8	-1%	2.2	1.9	16%	4.0	3.5
Brazil	10.0	10.4	-4%	1.6	1.5	6%	5.6	5.3
Chile	13.6	12.1	13%	1.7	1.1	52%	3.4	4.8

Source: FTSE Russell, FactSet, HSBC
 *FTSE EM is shown relative to FTSE All-World

Data science: EM machine learning valuation (MLV) model⁴

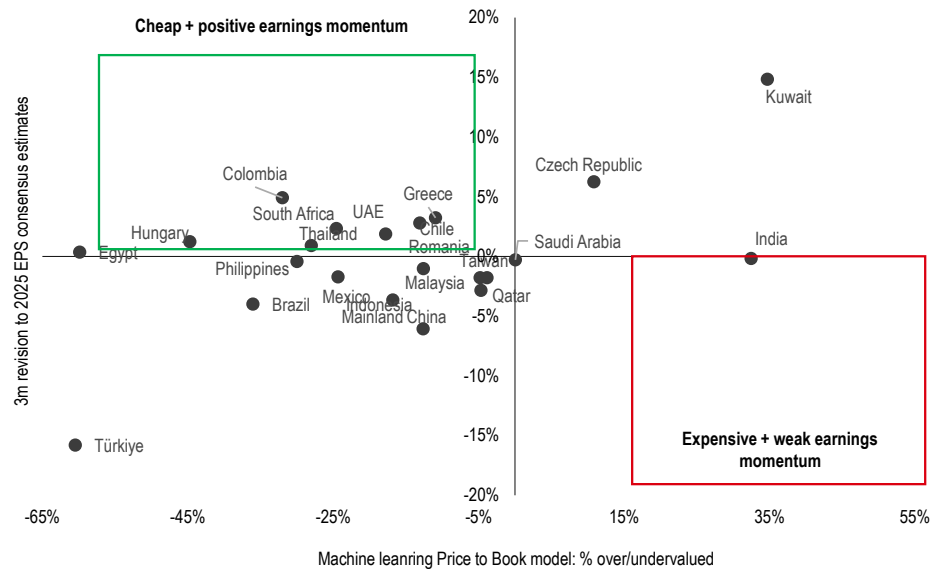
Market/sector PB vs machine learning model predictions

Actual Price to Book vs machine learning model predicted (Higher = more expensive)



Source: FTSE Russell, FactSet, HSBC

Valuations vs earning momentum

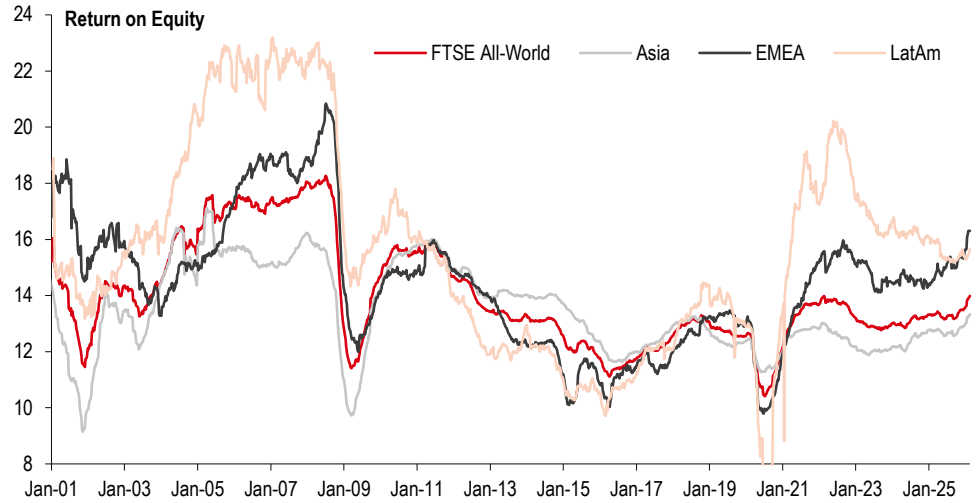


Source: FTSE Russell, FactSet, HSBC

⁴ MLV: Machine Learning Valuation in EM, 7 November 2023

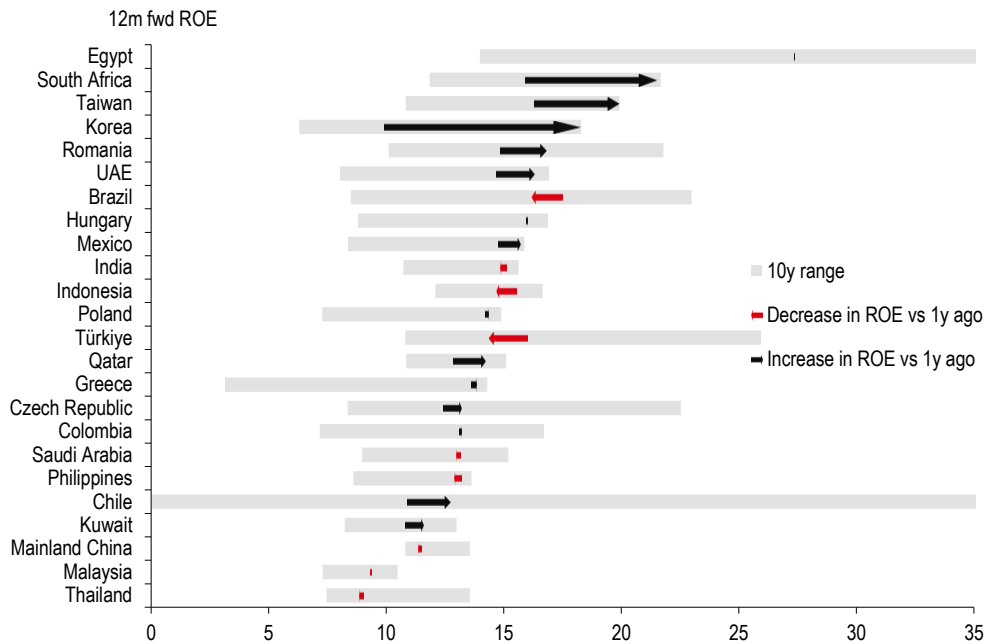
Return on equity

EM regional return on equity



Source: FTSE Russell, FactSet, HSBC

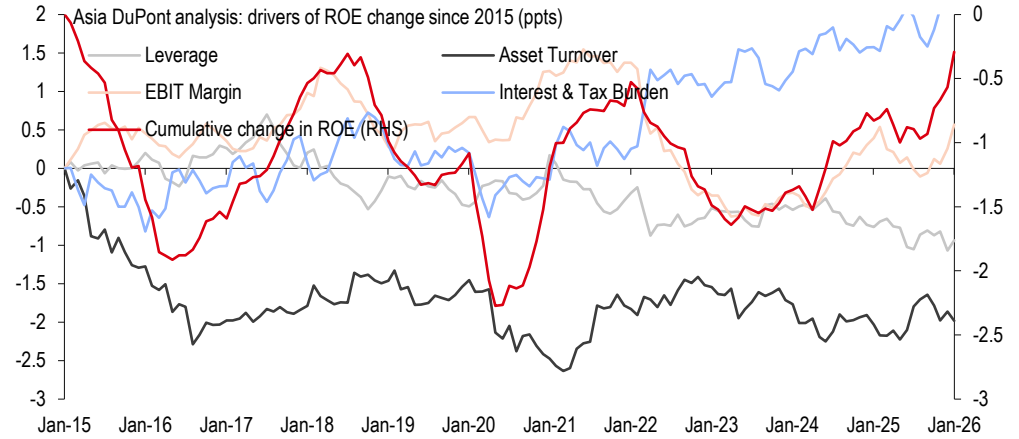
EM markets 12-month forward ROE vs history



Source: FTSE Russell, FactSet, HSBC

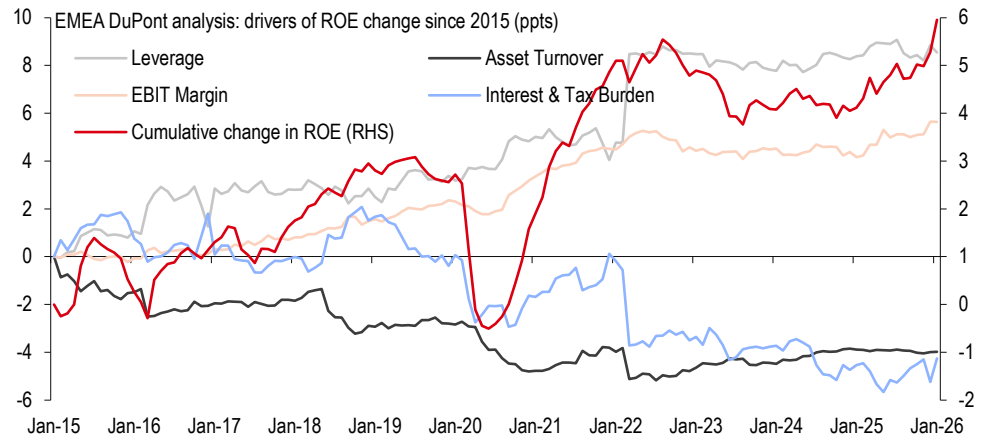
Return on equity: DuPont decomposition

Asia ROE DuPont decomposition



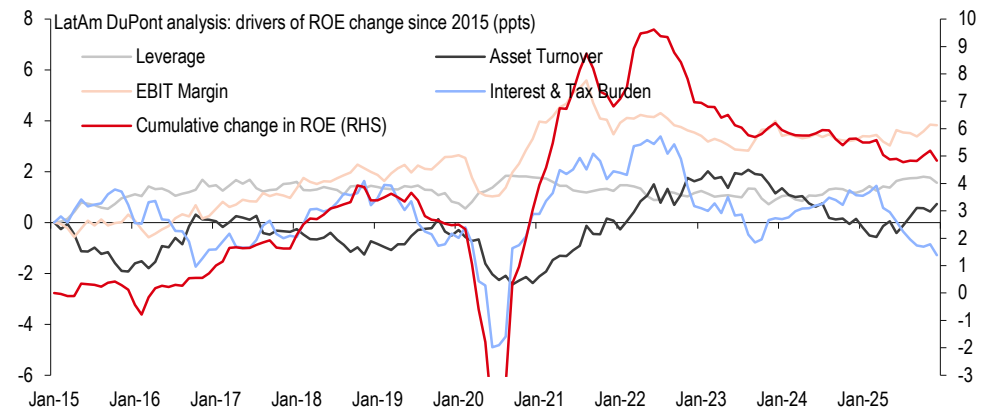
Source: FTSE Russell, FactSet, HSBC

EMEA ROE DuPont decomposition



Source: FTSE Russell, FactSet, HSBC

LatAm ROE DuPont decomposition



Source: FTSE Russell, FactSet, HSBC

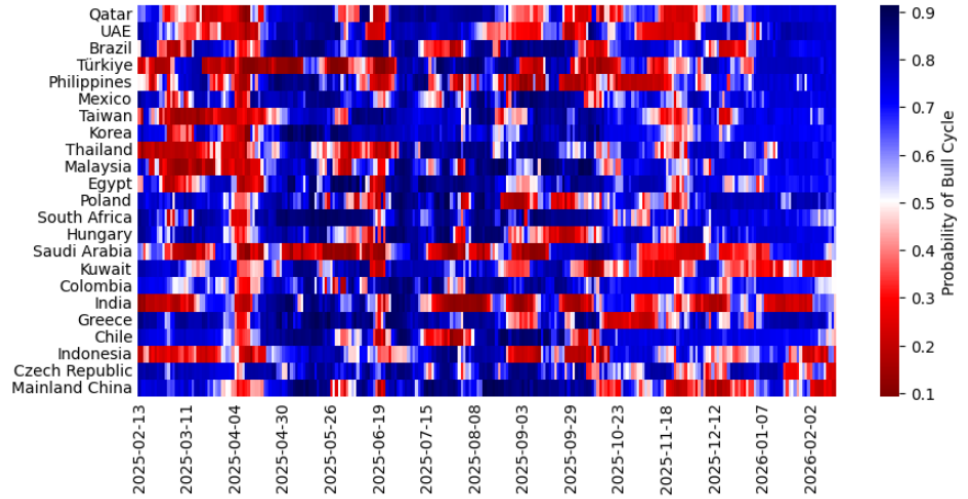
Data science: Emerging Market CyCLE Selector (EMCCLES)⁵

Emerging Market CyCLE Selector – EMCCLES – tells us which part of the equity cycle we are in for 23 emerging markets both now and through the past 20 years.

Our analysis shows that EMCCLES is good at finding turning points in the equity cycle for each emerging market.

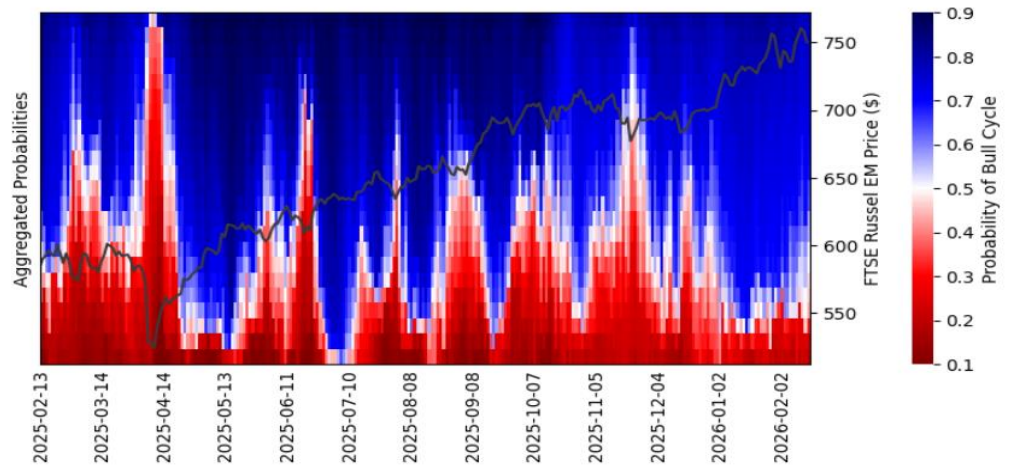
Additionally, when we aggregate the readings across EM markets, we find that this provides a forward signal for the performance of FTSE EM.

EMCCLES cycles over the past year – market probabilities



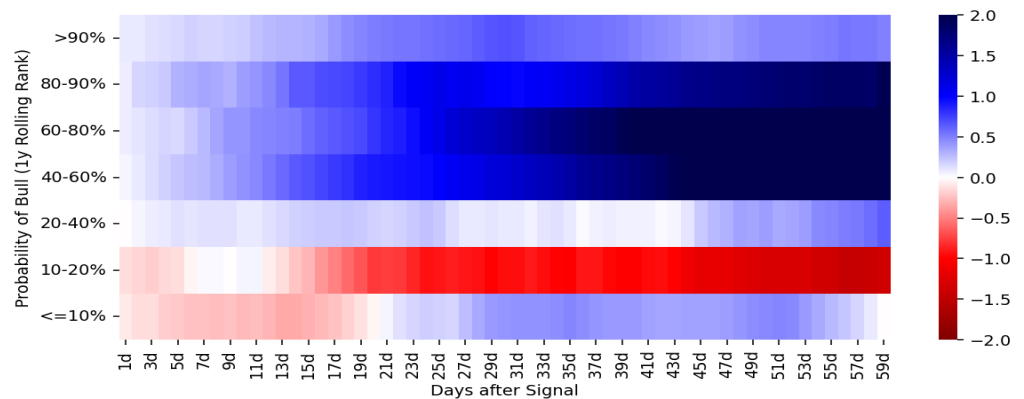
Source: FTSE Russell, FactSet, HSBC

EMCCLES probability wave: % of countries in bull/bear cycle



Source: FTSE Russell, FactSet, HSBC

EMCCLES probabilities and forward returns over different time windows

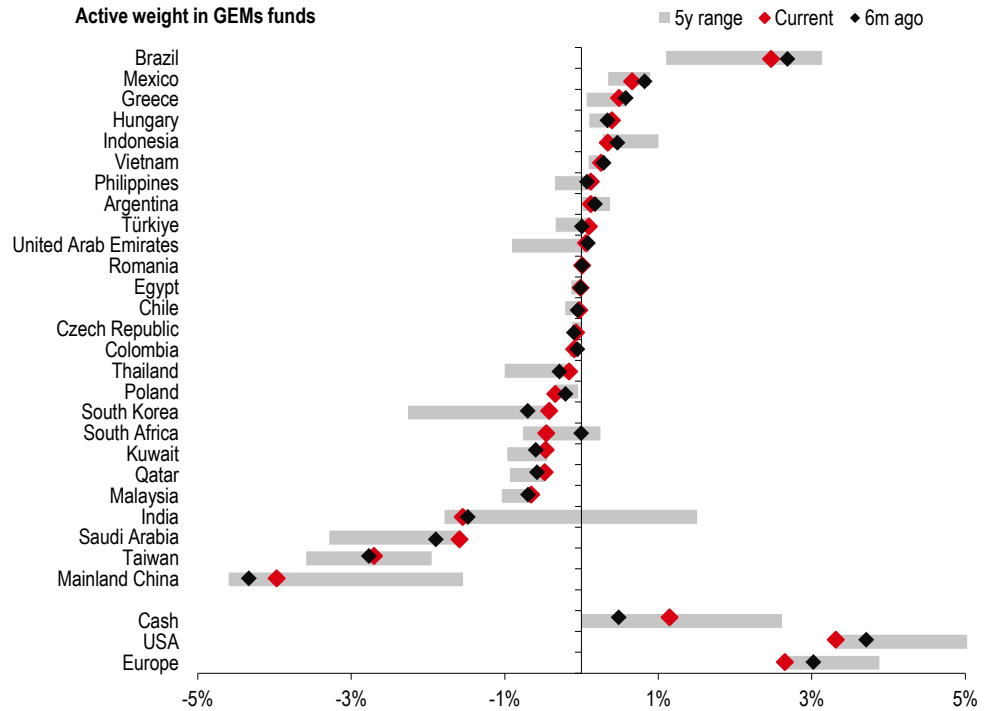


Source: FTSE Russell, FactSet, HSBC

⁵ [Probably EMCCLES: Things need to be fuzzy to get clearer](#), 21 October 2025

GEMs positioning

GEMs funds active weights vs history



Source: FTSE Russell, FactSet, HSBC

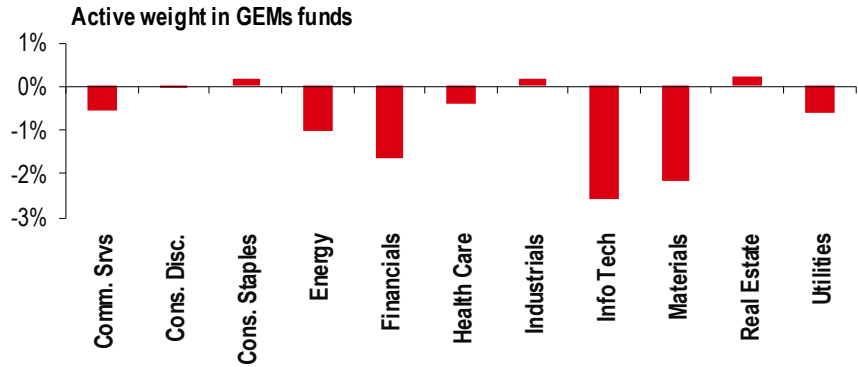
Percentage of funds invested in market vs weight in index



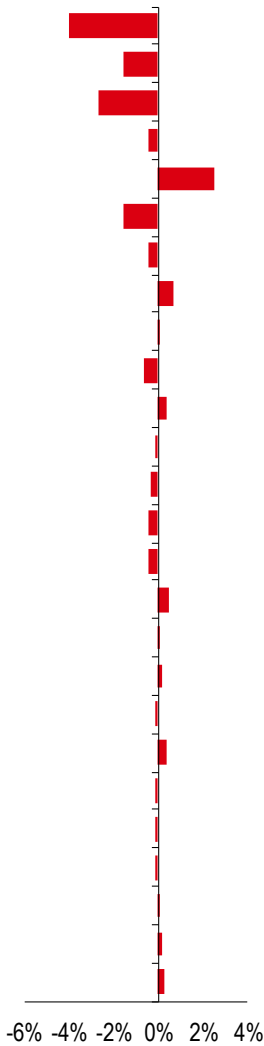
Source: FTSE Russell, FactSet, HSBC

GEMs positioning

GEMs fund sector active weight exposure



Active weight in GEMs funds



-0.1%	-1.0%	0.0%	-0.5%	-1.0%	-0.3%	0.6%	-1.1%	-0.2%	0.0%	-0.3%
0.1%	-0.3%	-0.2%	-0.4%	0.0%	0.1%	-0.3%	-0.4%	-0.4%	0.1%	0.0%
-0.2%	0.1%	0.0%	0.0%	-1.2%	0.0%	0.1%	-1.3%	-0.2%	0.0%	
-0.1%	0.1%	0.0%	-0.1%	0.3%	-0.3%	-0.7%	0.5%	-0.1%		0.0%
0.0%	0.8%	0.2%	0.2%	0.9%	0.0%	0.2%	0.0%	-0.1%	0.0%	0.1%
-0.2%	0.0%	0.0%	-0.3%	-0.5%	-0.1%	0.0%	-0.1%	-0.4%	0.0%	-0.1%
0.1%	0.3%	0.1%	0.0%	-0.1%	0.0%	0.0%		-0.8%	0.0%	
0.0%	0.0%	0.2%		0.4%	0.0%	0.0%		0.0%	0.0%	
-0.2%	0.0%		0.3%	-0.1%		0.1%			0.1%	
-0.1%	0.0%	-0.1%	0.0%	-0.3%	0.0%	0.0%	0.0%	-0.1%	0.0%	-0.1%
0.1%	0.0%	0.0%	0.0%	0.3%	0.0%	0.0%		-0.1%	0.0%	0.0%
0.0%	0.0%	0.0%	-0.1%	0.3%	0.0%	0.0%	-0.2%	0.0%	0.0%	-0.1%
0.0%	-0.1%	0.0%	-0.1%	-0.2%		0.0%	0.0%	0.0%		0.0%
0.0%				-0.4%		0.0%			0.0%	
0.0%			0.0%	-0.4%		0.0%		0.0%	0.0%	0.0%
0.0%	0.0%		0.0%	0.4%		0.0%		0.0%		0.0%
0.0%	0.0%	0.1%	0.0%	0.0%		0.1%		0.0%	0.0%	
0.0%	0.0%	0.0%		0.0%		0.2%			0.0%	0.0%
0.0%	0.0%	0.0%		-0.1%		-0.1%	0.0%	0.2%	0.0%	0.0%
0.0%			0.0%	0.3%	0.1%					
				0.0%						-0.1%
		0.0%	0.0%	-0.1%				0.0%		0.0%
0.0%		0.0%		0.0%		0.0%		0.0%	0.0%	
			0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
0.0%		0.0%	0.0%	0.0%			0.0%			0.0%
0.0%	0.0%	0.0%	0.0%	0.1%		0.1%	0.0%	0.0%	0.0%	0.0%

Source: FTSE Russell, FactSet, HSBC

Valuation and risks

Valuation and risks

	Valuation	Risks
<p>Zijin Mining 2899 HK 601899 CH</p> <p>Buy</p>	<p>Current price: HKD43.52 CNY37.78</p> <p>Target price: HKD58.00 CNY51.20</p> <p>Upside: +33.3% +35.5%</p>	<p>Downside risks: (1) Delays in construction of new capacity; (2) lower metal prices; (3) geopolitical conflicts in overseas mines; (4) overambitious M&A transactions that burden financials and pull up production costs; and (5) higher production costs due to inflation, declining ore grading, and/or stricter emission standards for mining.</p> <p>To derive our H-share TP, we use a target P/E multiple of 15.0x applied to our 2026e EPS estimate of RMB3.42, based on an end-2026e HKD-RMB exchange rate of 1.13. Our target P/E multiple is c1.5SD above the historical average P/E multiple since 2016, reflecting our positive outlook for both copper and gold, stable output growth, the announced acquisition of Allied Gold, and potential demand growth from policy rate cuts. Our H-share target price is HKD58.00, implying 33.3% upside to the current price; we therefore have a Buy rating.</p> <p>For our A-share target price, we apply no A-H share premium and a target P/E multiple of 15.0x (the same as the H-share). Our A-share target price is RMB51.20, implying 35.5% upside; we therefore have a Buy rating. We like Zijin's solid fundamentals of stable earnings growth, strong operational capability with respect to production and cost controls, and acquisitions that help long-term resources and production growth. Furthermore, a higher copper and gold price on a softer USD is favourable to Zijin's earnings.</p> <p>Howard Lau*, CFA howard.h.b.lau@hsbc.com.hk +852 2996 6625</p>
<p>Freeport-McMoRan Inc FCX US</p> <p>Buy</p>	<p>Current price: USD62.84</p> <p>Target price: USD69.00</p> <p>Upside: +9.8%</p>	<p>Downside risks</p> <ul style="list-style-type: none"> ◆ Lower-than-expected metals prices ◆ Stronger local currencies against USD in Indonesia, Chile, and Peru ◆ Slower ramp-up of operations at the GBC mine ◆ Failure to extend the Indonesian concentrate export licence ◆ Implementation of the Corporate Alternative Minimum Tax (CAMT) in the US. <p>EV/EBITDA methodology: We use a target 12-month forward EV/EBITDA multiple of 8x for Freeport's operating assets, based on the five-year average of its one-year forward multiple, which is higher than the peer group average to account for its growth options, and 12-month forward EBITDA (for Indonesian operations, we use 2027e EBITDA to account for normalised production). We use a 5x multiple to determine corporate value. Our multiples-based valuation is USD60.49 per share.</p> <p>DCF methodology: Our DCF valuation is based on life-of-mine USD cash flows discounted at WACCs of 6.4-7.2%, depending on the region. Our WACCs are based on a cost of debt of 5.0%, risk-free rate of 4.25%, equity risk premium of 4.00%, and industry beta of 0.86.</p> <p>Our cost of equity assumption is adjusted by market risk premium (using the 10-year USD CDS) for South America operations of 0.98%, derived using the average for Chile and Peru, and Indonesia of 1.21%. We use a target debt:equity structure for Freeport of 30:70. This generates a DCF value of USD76.60 per share.</p> <p>The rounded average of our DCF and EV/EBITDA valuations produces our target price of USD69.00, which implies c9.8% upside. We have a Buy rating on Freeport shares on expectations of stronger copper and gold prices and because we like the medium-to-long term growth prospects of the company, particularly in Indonesia.</p> <p>Jonathan Brandt, CFA jon.brandt@us.hsbc.com +1 212 525 4499</p>

Vale SA
VALE US
Buy

 Current price:
USD16.65
 Target price:
USD18.75
 Upside:
+12.6%
Valuation

We use a 50/50 blend of the fair values derived from our target EV/EBITDA multiple and DCF valuations for each business.

- ◆ **Ferrous minerals business:** Our DCF value for the business of cUSD53.5bn is derived using a WACC of 10.1% in USD terms, which is based on a risk-free rate of 4.25%, equity risk premium of 5.5%, weighted average country risk premium of c0.9%, and unlevered beta of 1.05. For our multiples-based value of cUSD62.6bn, we assume a 2026e EV/EBITDA multiple of 4.5x, which is the five-year historical average for Vale.
- ◆ **Nickel business:** Our DCF value for the business of cUSD8.4bn is derived using a WACC of 10.1% (all assumptions are the same as for ferrous minerals). For our multiples-based value of cUSD13.7bn, we assume a 2026e EV/EBITDA multiple of 8.0x, a slight premium to the sector average given the high-quality nature of the assets.
- ◆ **Copper business:** Our DCF value for the business of cUSD25.6bn is derived using a WACC of 10.1% (all assumptions are the same as for ferrous minerals). For our multiples-based value of cUSD28.8bn, we assume a 2026e EV/EBITDA multiple of 8.0x, a slight premium to the sector average given the high-quality nature of the assets.

This blended approach results in an EV of **cUSD96.2bn**, and we subtract net debt and other items. Our fair value includes an assumed liability of USD4.0bn for the Brumadinho dam collapse and upstream dam decharacterisation, and a liability of USD2.6bn for the Samarco dam and Renova foundation. Our 50/50 DCF/multiples approach results in our target price of USD18.75.

Our target price for the Vale ADR implies c12.6% upside, and we maintain our Buy rating. We like the company's relatively strong FCF generation, attractive valuation, capital allocation, and exposure to base metals.

Our rounded target price for Vale local shares (VALE3 BZ, BRL87.03) is BRL93.80, which is derived from our Vale ADR target price multiplied by HSBC's FX team's 2026 year-end BRL FX assumption of 5.00.

Jonathan Brandt, CFA | jon.brandt@us.hsbc.com | +1 212 525 4499

Risks
Downside risks

- ◆ Larger-than-expected environmental or socioeconomic remediation expenses due to the Brumadinho dam collapse;
- ◆ Appreciation of the BRL, which would lead to cost increases (denominated in BRL);
- ◆ Lower prices than HSBC's Metal & Mining team's estimates for several commodities (including iron ore, nickel, and copper, among others).

	Valuation	Risks
<div style="background-color: #444; color: white; padding: 5px; margin-bottom: 5px;"> Sibanye Stillwater SSW SJ </div> <div style="background-color: #eee; padding: 5px; margin-bottom: 5px;"> Buy </div>	<p>Current price: ZAR66.04</p> <p>Target price: ZAR103.00</p> <p>Upside: +56.0%</p> <p>We value the company using the average of the fair values derived from our DCF-based sum-of-the-parts (SOTP) valuation and SOTP EV/EBITDA methodology. Our multiples component captures the impact of short-term commodity prices.</p> <p>Our DCF-based SOTP approach is based on life-of-mine ZAR cash flows for each part discounted at a WACC of 12.7% nominal discount rate in ZAR terms. Our WACC is based on a cost of debt of 7% (4.9% after tax), a risk-free rate of 4.25%, a market risk premium of 7.0% (the weighted average for the company's regions, using HSBC's global assumptions), and a beta of 1.40. We assume an optimal debt-to-equity structure for the company at 15:85. This approach generates an EV of ZAR269.24bn.</p> <p>We use a target EV/EBITDA of 4.0x (5-year average multiple) for SA Gold operations, 6.5x for SA and US PGM operations, and 5.0x for US Reldan recycling, Century Zinc, and Sandouville Nickel (all based on peer group averages), applied to our one-year forward average real-term 2026 EBITDA estimates. This approach generates an EV of ZAR393.61bn.</p> <p>We average our DCF and multiples-based EVs and derive an EV of ZAR331.42bn which is equivalent to ZAR117.09/share.</p> <p>To this, we adjust for minorities, net debt, and provisions and round the result to derive a target price of ZAR103.00, which implies 56% upside. We therefore have a Buy rating. We think Sibanye benefits from rising PGM and gold prices.</p> <p>We value Sibanye's ADR (SBSW US) at USD24.80 at an exchange rate of ZAR16.56/USD (our 1H26 forecast average) and an ADR ratio of 4:1.</p> <p>Shilan Modi*, CFA shilan.modi@hsbc.com +971 564 1212 04</p>	<p>Downside risks</p> <ul style="list-style-type: none"> ◆ Stronger-than-expected exchange rates or weaker than-expected PGM prices and a worse-than forecast operational performance at the group. ◆ Given that management aims to grow the business through M&A, any investment decision that is perceived by the market as value destructive could result in underperformance.
<div style="background-color: #444; color: white; padding: 5px; margin-bottom: 5px;"> Northam Platinum NPH SJ </div> <div style="background-color: #eee; padding: 5px; margin-bottom: 5px;"> Buy </div>	<p>Current price: ZAR368.67</p> <p>Target price: ZAR470.00</p> <p>Upside: +27.5%</p> <p>We value the company using the average of the fair values derived from our DCF-based sum-of-the-parts (SOTP) valuation and SOTP EV/EBITDA methodology. Our multiples component captures the impact of short-term commodity prices.</p> <p>Our DCF-based SOTP approach is based on life-of-mine ZAR cash flows for each part discounted at a WACC of 13.6% nominal discount rate in ZAR terms. Our WACC is based on a cost of debt of 6% (4.2% after tax), a risk-free rate of 4.25%, a market risk premium of 7.8% (the weighted average for the company's regions, using HSBC's global assumptions), and a beta of 1.50. We assume an optimal debt-to-equity structure for the company of 20:80. This approach generates an EV of ZAR130.09bn.</p> <p>We use a target EV/EBITDA of 8.5x for all the divisions (20-year average multiple), which is applied to our one-year forward average real-term 2026 EBITDA estimates. This approach generates an EV value of ZAR253.46bn.</p> <p>We average our DCF and multiples-based EVs and derive an EV of ZAR191.78bn, which is equivalent to ZAR491.35/share.</p> <p>To this, we adjust for minorities, net debt, and provisions and round the result to derive a target price of ZAR470.00, which implies 27.5% upside. We therefore rate the stock Buy. The higher PGM price environment, the company's operational efficiencies, and strict cost discipline should allow it to benefit from the rally.</p> <p>Shilan Modi*, CFA shilan.modi@hsbc.com +971 564 1212 04</p>	<p>Downside risks</p> <ul style="list-style-type: none"> ◆ Placing Eland on care maintenance until PGM metal prices recover. ◆ A stronger-than-expected exchange rate or weaker PGM prices than our forecast. ◆ Potential for material, value destructive M&A. ◆ Wage negotiation due in FY2027, which pushes cost estimates higher.

	Valuation	Risks
African Rainbow Minerals ARI SJ	<p>Current price: ZAR222.26</p> <p>Target price: ZAR265</p> <p>Upside: +19.2%</p>	<p>Downside risks</p> <ul style="list-style-type: none"> ◆ Weaker-than-expected USD commodity prices and a stronger ZAR/USD. ◆ Potentially value-destructive capital allocation decisions. ◆ Potentially value-destructive M&A activity, particularly as the company is actively seeking to grow. ◆ The electricity supply and logistics issues in South Africa are a key risk to volumes. ◆ Weaker-than-expected production at mines. ◆ Higher-than-expected mining inflation and mining costs. ◆ Lowering of near-term production guidance.
Buy	<p>We value ARM using the average of the fair values derived from our DCF-based sum-of-the-parts and our EV/EBITDA based SOTP, with the latter capturing the impact of near-term commodity prices. We continue to include a 15% holding company discount and apply it to the average of the two methodologies owing to the operating structure of the company.</p> <p>We use a target EV/EBITDA multiple on 12-month forward EBITDA of 4.5x for the iron ore and 5.0x manganese divisions based on peer group, 6.0x, based on peer group multiples for PGMs, and 2.5x for the coal division based on peer multiples and trading history. This results in a value of ZAR48.6bn.</p> <p>Our DCF-based sum-of-the-parts approach is based on life-of-mine ZAR cash flows for each part discounted at a WACC of 12.8%. Our WACC is based on a cost of debt of 9.0%, a risk-free rate of 4.25% and market risk premium of 7.75%. We use a beta of 1.20. We assume an optimal debt:equity structure for ARM of 10:90. We arrive at a value of ZAR41.5bn.</p> <p>We add gold equity holdings, net cash, minorities, and other liabilities to our average EV to arrive at an equity value per share of value of ZAR313 to which we apply a 15% holding company discount to derive our rounded target price of ZAR265.</p> <p>Our target price implies 19.2% upside. We maintain our Buy rating as we think ARM benefits from improving PGM fundamentals, and any potential cash returns from its c12% holding in Harmony Gold (HAR SJ, CMP ZAR37.55, Buy), which benefits from elevated gold prices. Additionally, ARM's hedge on Harmony may allow the company to borrow and fund growth or buybacks, in our view.</p>	
	<p>Shilan Modi*, CFA shilan.modi@hsbc.com +971 564 1212 04</p>	

Source: HSBC estimates; priced at close of 16 Feb 2026

*Employed by a non-US affiliate of HSBC Securities (USA) Inc, and is not registered/ qualified pursuant to FINRA regulations

Freeport: EV/EBITDA valuation (50%)

USDm	Stake	12m fwd EBITDA		Multiple	Value
			(2026)		
North America copper mines	100%		4,131	8.0	33,051
South America	54%		3,900	8.0	31,203
Indonesia	49%		10,627	8.0	85,120
Molybdenum mines	100%		188	8.0	1,504
Atlantic smelting & refining	100%		222	8.0	1,778
Rod & refining	100%		54	8.0	431
Corporate, exploration & other	100%		(760)	5.0	(3,786)
Total – consolidated			18,362	8.2	149,299
Total – attributable					91,424
Net cash/(debt)					(4,763)
NAV					86,660
# of shares (m)					1433
NAV per share (USD)					60.49

Source: HSBC estimates

Freeport: DCF based on life-of-mine USD cash flows (50%)

	Stake	WACC	DCF (USDm)	per share (USD)
North America copper mines	100%	6.4%	45,917	32.05
South America	54%	7.1%	20,473	14.29
Indonesia	49%	7.2%	72,055	50.30
Molybdenum mines	100%	6.4%	496	0.35
Atlantic Copper Smelting & Refining	100%	6.4%	1,802	1.26
Rod & Refining	100%	6.4%	94	0.07
Corporate, exploration & other	100%	6.4%	(5,388)	-3.76
Net cash / (debt)			(4,763)	-3.32
Equity value (attributable)			109,731	76.60

Source: HSBC estimates

Vale: SOTP

USDm	DCF	EV/EBITDA		Value	Blended
		2026e EBITDA	Target multiple		
Ferrous and others	53,511	13,907	4.5	62,583	58,047
Base metals	33,936			42,430	38,183
Nickel	8,377	1,706	8.0	13,652	11,014
Copper	25,559	3,597	8.0	28,779	27,169
Total EV					96,230
Net debt					(14,347)
Minority interest (MV)					(3,818)
Investments/others					1,980
Fair value of equity					80,045
Shares outstanding (diluted) (m) - ADR					4,269
Fair value per share (USD)					18.75

Source: HSBC estimates

Sibanye: Valuation and target price derivation

Base	EBITDA (ZARm)	Multiple	Multiples valuation (ZARm)	DCF valuation (ZARm)	Average valuation (ZARm)	ZAR per share	USD per share
SA Gold	20,436	4.0	81,742	56,570	69,156	24.43	5.90
SA PGMs	38,900	6.5	252,852	184,581	218,717	77.27	18.66
US PGMs	7,448	6.5	48,414	18,003	33,209	11.73	2.83
Reldan Recycling	411	5.0	2,056	2,407	2,231	0.79	0.19
Century Zinc	1,675	5.0	8,376	2,535	5,455	1.93	0.47
Sandouville Nickel	-983	5.0	-4,913	60	-2,426	-0.86	-0.21
Keliber Lithium*	457	x	5,087	5,087	5,087	1.80	0.43
Enterprise value			393,613	269,243	331,428	117.09	28.28
Net debt					(7,269)	-2.57	-0.62
Other net liabilities					(33,384)	-11.79	-2.85
Equity Value					290,775	102.73	24.81
Rounding						0.27	-0.01
Target price						103.00	24.80
WACC				12.7%			
NOSH (m)						2,831	
ADR ratio							4.00
FX (ZAR/USD)							16.56

Source: HSBC estimates. *DCF value used for both Keliber valuations

Northam: Target price derivation

Base	EBITDA (ZARm)	Multiple (x)	Multiples valuation (ZARm)	DCF valuation (ZARm)	Average (ZARm)	ZAR per share
Zonderiende	9,538	8.5	81,069	34,656	57,863	148.25
Booyesendal	18,653	8.5	158,554	79,170	118,862	304.53
Eland	1,633	8.5	13,882	16,329	15,105	38.70
US Recycling	-4	8.5	-36	-60	-48	-0.12
Enterprise value	29,820	8.5	253,469	130,095	191,782	491.35
Adj net debt					-6,114	-15.66
Other net liabilities and minorities					-1,576	-4.04
Equity value					184,092	471.65
Rounding						-1.65
Target price						470.00
WACC				13.6%		
NOSH (m)						390.32

Source: HSBC estimates

African Rainbow Minerals: Target price derivation

	EBITDA (ZARm)	Multiple (x)	Multiples valuation (ZARm)	DCF valuation (ZARm)	Average (ZARm)	ZAR per share
Iron Ore	3,729	4.5	16,779	14,260	15,519	79.39
Manganese	151	5.0	756	6,693	3,724	19.05
PGMs	5,565	6.0	33,388	18,248	25,818	132.07
Coal	(36)	2.5	(89)	2,383	1,147	5.87
Corporate and other	(554)	4.0	(2,217)	(44)	(1,131)	(5.78)
Enterprise value			48,617	41,538	45,078	230.60
Gold equity holdings					25,083	128.32
Net (debt)/cash					5,120	26.19
Adj other net liabilities and minorities					(14,053)	(71.89)
Equity Value					61,228	313.22
Holding company discount (15%)						(46.98)
Rounding						(1.23)
Target price						265.00
WACC				12.8%		
NOSH (m)						195

Source: HSBC estimates

Disclosure appendix

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HSBC & Analyst disclosures

Disclosure checklist

Company	Ticker	Recent price	Price date	Disclosure
AFRICAN RAINBOW MINERALS	ARIJ.J	222.26	16 Feb 2026	–
FREEPORT-MCMORAN INC	FCX.N	62.84	16 Feb 2026	–
NORTHAM PLATINUM	NPHJ.J	368.67	16 Feb 2026	–
SIBANYE STILLWATER	SSWJ.J	66.04	16 Feb 2026	7
VALE	VALE.K	16.65	16 Feb 2026	7
ZIJIN MINING	2899.HK	43.52	16 Feb 2026	4, 11
ZIJIN MINING A	601899.SS	37.78	16 Feb 2026	4, 11

Source: HSBC

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