

SWI Research Report by Stockwatchindex



The China and US Race for Rare Earth Domination **How to trade on the Hong Kong Stock Exchange**

SWI Research – October 7, 2026

The Rare Earth Race

Access to rare earth minerals and magnets will help determine whether the United States can turn its technological lead into a lasting industrial advantage. High-performance rare earth magnets are critical to electric motors, robotics, computers, smartphones, aerospace and defense systems, and many other advanced technologies that dominate our lives and drive our economies.

The challenge extends beyond access to raw materials and the crucial control of the supply chain. The U.S. also needs the capacity to refine them and manufacture magnets at scale. According to the International Energy Agency, demand for the four principal magnet rare earths has doubled since 2015 and is projected to rise by more than 30% by 2030.

Securing this supply chain will take more than technology and manufacturing capacity. It will require diplomacy that manages tensions with China while giving U.S. companies room to compete.

The United States has leverage of its own: access to advanced U.S.-made semiconductors is valuable to China and could factor into broader negotiations over rare earth supplies. Balancing that leverage with export controls and national security priorities will require political skill and careful diplomacy.

Control the Supply Chain

The challenge is controlling the supply chain. China produced 91% of the world’s refined magnet rare earths and 94% of sintered permanent magnets in 2024, according to the International Energy Agency. In this analyst's view, securing reliable access to refined materials and finished magnets is central to sustaining U.S. innovation. A breakthrough in U.S. design has limited commercial or strategic value if manufacturers cannot obtain the components needed to build it at scale.

Rare Earth Supply and America’s Technology Advantage

SWI believes rare earth supply has become a test of America’s ability to sustain its technology lead. These materials power high-performance magnets used in robotics, advanced manufacturing, aerospace, and defense. They also matter in the semiconductor supply chain: cerium polishes wafers during chip production, while other rare earths are used in manufacturing equipment and components.

The United States still holds a commanding position in semiconductor research and **chip design**. U.S.-headquartered companies accounted for 53.4% of global semiconductor sales in 2025. Yet that advantage depends on access to materials and components that American engineers do not fully control. China accounted for 91% of global refining of *magnet rare earths* and 94% of sintered permanent magnet production in 2024.

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CHINESE RARE EARTH EQUITIES				
Rankings • Listings • Investment case • Main risk				
Rank	Company	Listing	Why it makes the list	Main risk
1	China Northern Rare Earth	Shanghai 600111	Direct, large scale rare earth exposure. First half 2026 net profit reached RMB 2.05 billion, up 120% year over year.	Earnings remain sensitive to rare earth prices and production policy.
2	JL MAG Rare-Earth	Hong Kong 06680; Shenzhen 300748	A downstream play on high performance rare earth magnets. First half net profit was RMB 462 million, up 52%, with strong reported growth in automotive and industrial motor sales.	Magnet margins depend on customer demand and raw material costs.
3	China Rare Earth Resources and Technology	Shenzhen 000831	Focused exposure to rare earth mining, separation, oxides and metals. First half net profit rose 47% to RMB 237 million, although revenue fell 12%.	Smaller earnings base and uneven sales growth.
4	Shenghe Resources	Shanghai 600392	International rare earth assets and processing operations. First half net profit rose 135% to RMB 887 million.	Operating cash flow was negative RMB 638 million. Its controlling shareholder denied a reported plan to transfer control; the takeover story should not drive the investment case.
5	Xiamen Tungsten	Shanghai 600549	A broader strategic minerals business spanning tungsten, molybdenum and rare earths. First half net profit was RMB 2.20 billion.	Its rare earth operation is only part of the company; first half operating cash flow was negative.

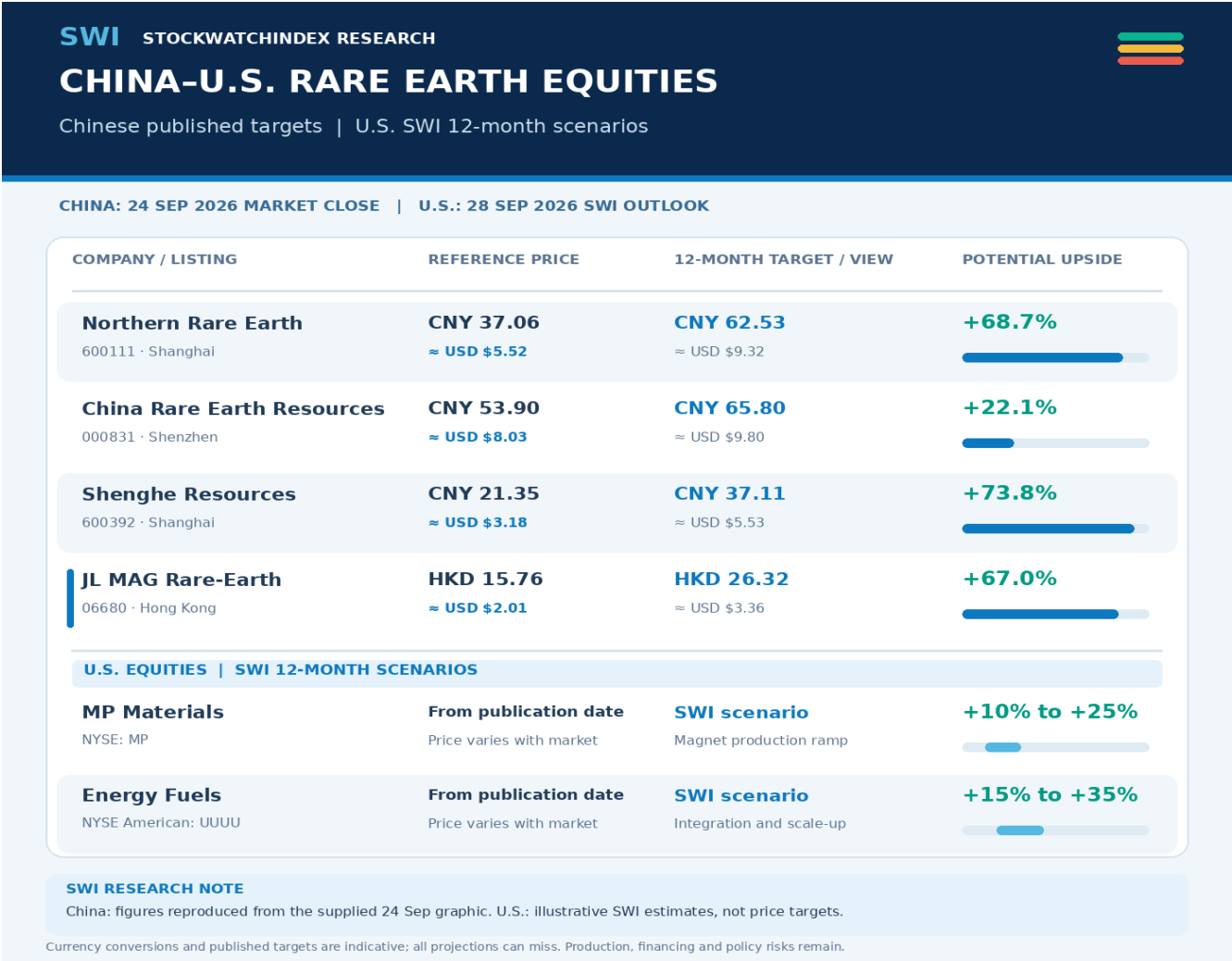
Key Takeaways

Chinese Rare Earths versus the U.S.

U.S. dependence is measurable.

- China supplied 71% of U.S. imports of rare earth compounds and metals during 2021–2024.
- Separately, the U.S. was 67% net import-reliant for most rare earths in 2025

Those figures measure different things and should not be added together. China’s 2025 export controls showed the operational risk: the IEA reports that reduced shipments left some U.S. and European automakers struggling to obtain magnets. Chinese magnet deliveries to the U.S. continued, but fell to 512 tons in August 2026, down 13% from a year earlier. China leads across the rare earth supply chain. The U.S. has become a substantial miner, but China’s stronger position is in separating minerals into usable materials and making finished magnets.



Best publicly traded Chinese Rare Earth Companies

My top research pick is China Northern Rare Earth (600111.SH). For a U.S. investor who can trade Hong Kong shares, JL MAG (06680.HK) is the clearest listed magnet manufacturer on this shortlist. This ranking weighs business exposure and the latest reported results; it is not a valuation-based buy call.

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RARE EARTH: CHINA AND U.S.

Companies that illustrate the supply-chain gap

CHINA4 COMPANIES

China Northern Rare Earth
600111.SH • Shanghai
Major listed mining and processing exposure. H1 2026 net profit: RMB 2.05 billion.

China Rare Earth Resources
000831.SZ • Shenzhen
Mining, separation, and rare earth materials.

Shenghe Resources
600392.SH • Shanghai
Processing operations and international assets.

JL MAG
06680.HK • Hong Kong | 300748.SZ • Shenzhen
Makes high-performance rare earth magnets. Its Hong Kong H shares offer a direct Hong Kong trading route.

UNITED STATES2 COMPANIES

MP Materials
NYSE: MP
Operates the Mountain Pass mine and separation facility in California. Began manufacturing permanent magnets at its Texas facility in December 2025.

Energy Fuels
NYSE American: UUUU
Produces separated rare earth oxides in Utah and is building commercial heavy rare earth capacity. U.S. projects still need to scale.

TRADING NOTE 600111.SH, 000831.SZ and 600392.SH trade on mainland exchanges, not directly as Hong Kong shares.

Companies that illustrate the Gap

Mining

China mined an estimated **270,000 metric tons of rare earth oxide equivalent in 2025**, compared with **51,000 metric tons in the United States**, the second-largest producer. However, these totals cover rare earths broadly. They do not show how much material is suitable for high-performance magnets or how many finished magnets either country can produce.

For magnets, the composition of the mined material matters. **Neodymium and praseodymium** are essential ingredients in powerful neodymium-iron-boron magnets. **Dysprosium and terbium** can be added to help these magnets maintain performance at elevated temperatures—important in demanding applications such as electric vehicle motors. Consequently, a large volume of mined rare earths does not automatically provide the right mix of elements for magnet manufacturing.

Refining

For the *magnet rare earths* neodymium, praseodymium, dysprosium, and terbium, China produced **91% of global refined output in 2024**, according to the IEA. Before these elements can become magnets, they must be separated from the mixed mineral feed, purified, converted into metals, and processed into alloys and powders. China accounted for **91% of global refined output of magnet rare earths in 2024**, giving it substantial control over the materials magnet manufacturers need—even when the original minerals are mined elsewhere.

Magnets

China's dominance is even more pronounced at the finished-magnet stage. In 2024, China accounted for approximately 94% of global production of sintered permanent magnets, according to the IEA. These high-performance magnets—primarily made using neodymium and praseodymium, with dysprosium and terbium added for high-temperature applications—are critical components in electric motors, wind turbines, industrial automation, robotics, defense systems, and other advanced technologies. This is the finished component U.S. manufacturers need for many motors and other applications.

This creates an important distinction in the rare-earth supply chain: mining the ore is only the first step. The material must then be separated and refined into individual rare-earth elements, converted into magnet alloys, and ultimately manufactured into finished permanent magnets. China has built dominant capacity across essentially all of these stages.

For the United States and other Western economies, this means that even if domestic rare-earth mining increases substantially, supply-chain dependence can remain high unless refining, alloying, and magnet manufacturing capacity also expands.

How they Compete

The strategic objective is a reliable supply of finished magnets. American mining provides an essential foundation, but the United States and its allies must also develop separation, metal conversion, alloy production, and magnet manufacturing at commercial scale. SWI assesses progress by the volume of qualified magnets delivered to customers, alongside production costs and reliability. That is where mineral resources become industrial strength.

For the United States and other Western economies, expanding domestic rare-earth mining addresses only the first stage of supply-chain dependence. Mined material must still be separated and refined, converted into metals and alloys, and manufactured into high-performance permanent magnets before it can be used in electric vehicles, robotics, aerospace, and defense systems. If those processing and manufacturing stages remain concentrated overseas, higher domestic mine output can still leave critical industries exposed to foreign export restrictions, supply disruptions, and pricing pressure.

Reducing that dependence requires investment across the entire chain—from extraction through finished magnets—supported by technical expertise, reliable production quality, and customers willing to commit to long-term purchases. The strategic objective is to turn domestic and allied resources into finished components that Western manufacturers can obtain reliably and at commercially viable scale.

SWI STOCKWATCHINDEX RESEARCH 	
RARE EARTH: CHINA AND U.S. Companies that illustrate the supply-chain gap	
CHINA	UNITED STATES
4 COMPANIES	2 COMPANIES
China Northern Rare Earth 600111.SH · Shanghai Major listed mining and processing exposure. H1 2026 net profit: RMB 2.05 billion.	MP Materials NYSE: MP Operates the Mountain Pass mine and separation facility in California. Began manufacturing permanent magnets at its Texas facility in December 2025.
China Rare Earth Resources 000831.SZ · Shenzhen Mining, separation, and rare earth materials.	
Shenghe Resources 600392.SH · Shanghai Processing operations and international assets.	Energy Fuels NYSE American: UUUU Produces separated rare earth oxides in Utah and is building commercial heavy rare earth capacity. U.S. projects still need to scale.
JL MAG 06680.HK · Hong Kong 300748.SZ · Shenzhen Makes high-performance rare earth magnets. Its Hong Kong H shares offer a direct Hong Kong trading route.	
TRADING NOTE 600111.SH, 000831.SZ and 600392.SH trade on mainland exchanges, not directly as Hong Kong shares.	

SWI's US Advantage Assessment

MP is the clearer near-term U.S. mine-to-magnet competitor. Energy Fuels could become an important source of separated heavy rare earths and, through its acquisitions, a broader manufacturing competitor. Neither company alone can quickly displace China's scale: China accounted for about 91% of magnet rare earth refining and 94% of sintered permanent magnet production in 2024. investors.mpmaterials.com

Nvidia gives Washington leverage, but its usefulness is conditional. China wants advanced AI computing, and U.S. export rules govern access to chips such as Nvidia's H200. Since January 2026, the U.S. has reviewed applications for certain H200 exports on a case-by-case basis. Nvidia reported that Chinese government restrictions also limited its licensed sales. That means chip access could be discussed in wider negotiations, but it is no guaranteed bargaining chip; easing controls could also help China develop AI capabilities that U.S. policy seeks to protect. bis.gov

TSMC strengthens the technology side of the equation, with an important distinction: it is a Taiwanese manufacturer that produces chips for global customers, including U.S. designers. Its production cannot simply be treated as a U.S.-owned supply that Washington can offer in exchange for rare earths. TSMC reported that customers based in China generated 6% of its second-quarter 2026 revenue; that figure identifies customer location, not the ultimate destination of every chip. Export rules and Taiwan's own decisions also shape what it can supply. investor.tsmc.com

Rare Earth Refining versus Chip Design

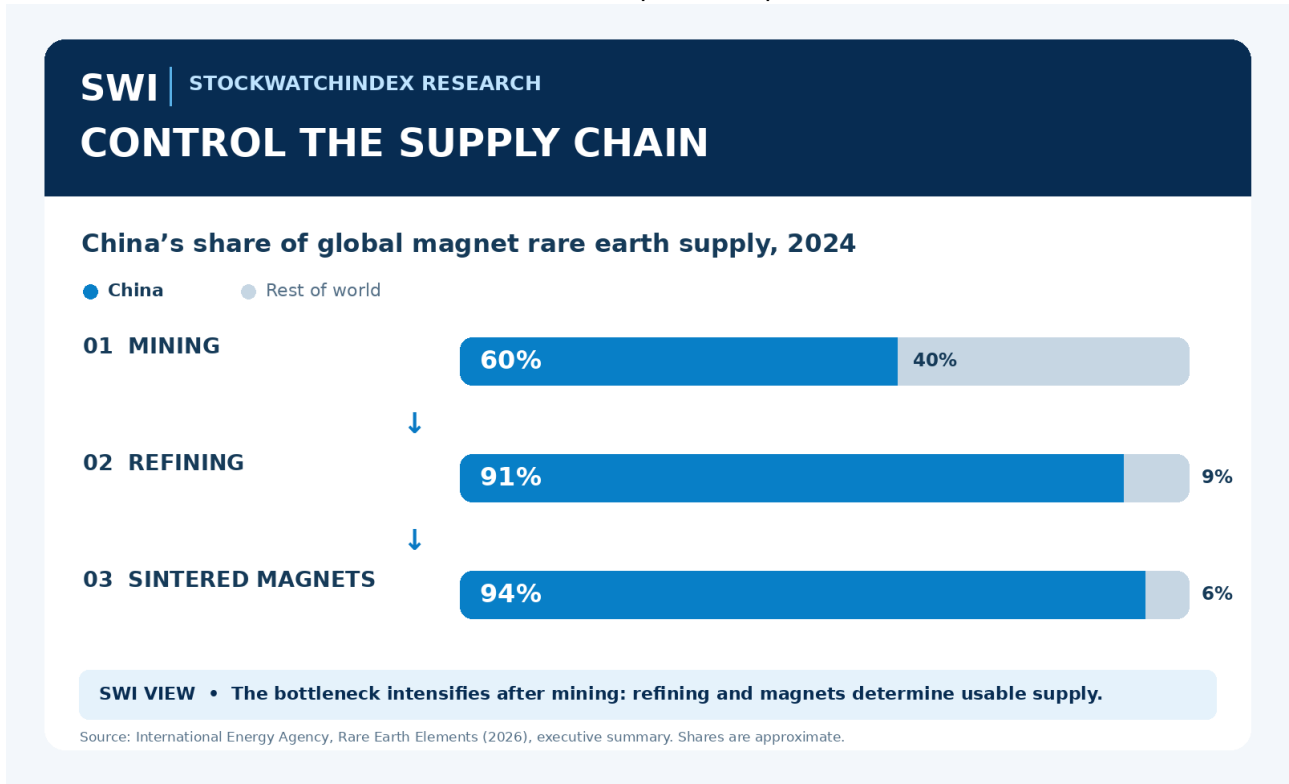
The strongest SWI conclusion is that both sides hold leverage, but in distinct parts of the chain. China dominates rare earth refining and magnets. U.S. firms lead in valuable chip design, while TSMC supplies critical manufacturing capacity from Taiwan. MP and Energy Fuels matter because they can reduce America’s exposure to China over time, making future negotiations less dependent on a vulnerable materials supply chain.

US Technological Leadership

At SWI, we see rare earths as a test of whether the United States can turn technological leadership into lasting industrial strength. American companies can design advanced chips, robots, aircraft, and defense systems. Building those products at scale also requires dependable access to refined materials and high-performance magnets. The demand is moving quickly. The International Energy Agency reports that demand for the four principal magnet rare earths has doubled since 2015 and is projected to grow more than 30% by 2030.

Control the Supply Chain

The key issue is controlling the steps between a mineral deposit and a finished component. Mining matters, but so do refining and magnet manufacturing. In 2024, China accounted for approximately 91% of global magnet rare earth refining and 94% of sintered permanent magnet production. That concentration leaves U.S. manufacturers exposed when supply is disrupted or trade tensions rise. This is why we believe a breakthrough in an American laboratory has limited strategic value unless American manufacturers can obtain the materials needed to put it into production.



Protecting America's Technology Advantage

The United States enters this race with real strength. U.S.-headquartered companies generated 53.4% of global semiconductor sales in 2025. Rare earths also play a role in chip manufacturing: cerium oxide, for example, is used in wafer-polishing processes. The rare earths used for magnets and those used in semiconductor production serve different purposes, but both show how materials supply can affect the broader technology industry.

SWI believes the answer requires domestic processing and magnet capacity, reliable partnerships with allies, and careful diplomacy with China. The United States has negotiating leverage through its semiconductor industry, but any discussion of chip access must respect export controls and national security priorities.

SWI's View

America's technological lead is substantial, but sustaining it requires the industrial capacity to turn engineering breakthroughs into finished products. Reliable access to refined rare earths and high-performance magnets is essential, along with the ability to manufacture them at commercial scale. MP Materials and Energy Fuels contribute at various stages of the supply chain, but both must execute demanding expansion plans.

For SWI, the priority is clear: strengthen U.S. production and allied supply chains so a disruption in Chinese deliveries cannot stall American innovation.

SWI Conclusion and 12-Month Outlook

The priority is clear: strengthen U.S. production and allied supply chains so disruptions in Chinese deliveries cannot dictate the pace of American innovation. This requires sustained investment across mining, separation, refining, alloying, and finished magnet manufacturing. Progress must be measured by dependable commercial output, competitive costs, and materials that consistently meet manufacturers' requirements. Securing that foundation is essential to translating America's technological strength into lasting industrial advantage.

For investors, the opportunity spans established Chinese producers and emerging U.S. alternatives, with different sources of potential return and risk:

- **Chinese producers offer substantial potential upside**, supported by their established processing capacity, manufacturing expertise, and position in the magnet supply chain. However, industrial strength does not automatically translate into shareholder returns. Valuation, profitability, export restrictions, and geopolitical developments remain decisive.
- **MP Materials has the clearer near-term path to U.S. magnet production.** Its investment case rests on converting its integrated production strategy into reliable commercial deliveries. Execution,

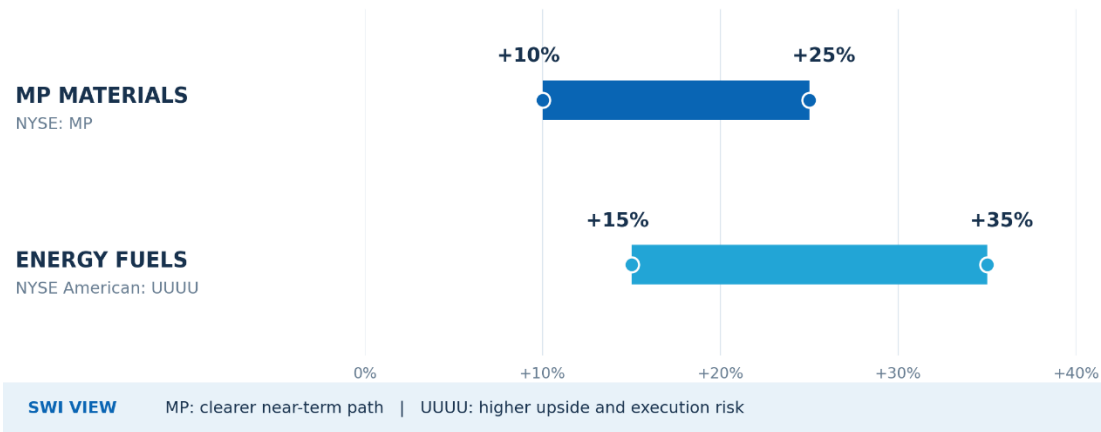
customer qualification, and production costs will determine how effectively that position translates into earnings.

- **Energy Fuels offers potentially greater upside as it expands into heavy rare earths and integrates acquired capabilities—but carries greater execution risk.** That upside depends on successful commissioning, consistent product quality, customer acceptance, and disciplined capital spending. Greater potential reward comes with greater uncertainty over timing, costs, and eventual profitability.

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U.S. RARE EARTHS: 12-MONTH OUTLOOK

SWI share-price scenarios • Percentage change from publication date



Illustrative SWI estimates, not guaranteed returns. Production delays, weaker prices or financing costs could cause losses.

28 SEP 2026

How a U.S. investor can buy Hong Kong shares

A U.S. investor can use a brokerage account with Hong Kong Stock Exchange trading enabled; these U.S. broker offerings do not inherently require a Hong Kong bank account.

  HOW TO TRADE JL MAG IN HONG KONG Three broker routes for U.S. investors HKEX: 06680	
BROKER ROUTE	PRACTICAL TERMS
Interactive Brokers IBKR	Request Hong Kong stock permission in Client Portal. Fund the account, convert currency if needed, and search JL MAG / 06680 on HKEX. Entry-tier commission: 0.05% of trade value, minimum HK\$18; third-party charges may apply.
Fidelity International Trading	Eligible non-retirement brokerage accounts can trade Hong Kong shares. Published online commission: HK\$250 per trade, plus applicable market and currency charges.
Schwab Global Account	Trade Hong Kong shares online in local currency through a Schwab Global Account. Published online commission: HK\$250 per trade; currency conversion fees and other charges may apply.
FEES ARE PUBLISHED BASE RATES. CHECK ACCOUNT ELIGIBILITY AND LIVE CHARGES BEFORE PLACING AN ORDER.	

Start with the right listing

China Northern Rare Earth (600111.SH) offers direct exposure to rare earth production, while JL MAG (06680.HK) offers Hong Kong-listed exposure to permanent magnets.

Shenghe Resources (600392.SH) is on a higher-risk watchlist until operating cash flow supports a stronger investment case. Before buying, check the current price, valuation, trading liquidity, currency costs, and whether your broker provides access to the relevant exchange.

China Rare Earth Holdings (00769.HK) is a separate Hong Kong company. It is not Shenzhen-listed China Rare Earth Resources and Technology (000831.SZ). Confirm the company name and exchange on the order ticket and check 00769's trading status before considering it.

Execution

Use limit Orders, check the required board lot, and compare the full cost of the trade, including commission, foreign exchange conversion, and Hong Kong stamp duty. HKEX lists stamp duty at 0.1% on both purchases and sales for securities subject to it. hkex.com.hk

Hong Kong Exchange Identification

- JL MAG's H shares as 06680 and
- China Rare Earth Holdings as 00769.

An HKEX announcement said that 00769's shares of China Rare Earth remained suspended in April 2026, so a fresh trading-status check is essential.

Before placing an Order

Confirm the Hong Kong listing, the stock's required board lot, and the full cost shown on the trade ticket before placing an order. HKEX generally charges 0.1% stamp duty on each purchase and each sale, in addition to other transaction fees. Use a limit order so the maximum purchase price is explicit.

The Risks of trading on HKEX through a U.S. Broker

Your return in U.S. dollars can change with the HKD/USD exchange rate, and currency conversion, brokerage commissions, stamp duty, and other market charges can add up, especially on small trades. Hong Kong trades during different hours from U.S. markets, so news may move the stock while you are asleep. Less liquid shares can have wide bid-ask spreads, while board-lot rules can make smaller positions harder to trade; odd lots use a separate market and may receive a less favorable price. Chinese issuers also face policy, disclosure, and geopolitical risks. Using a U.S. broker does not remove those risks. Check the live quote, total trade cost, and use a limit order.

Good luck and good trading.



Office 442.287.8059 Cell 310.614.2454
rpoertner@dynamicmarketconcepts.com
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