Jefferies

Global | Metals & Mining

Equity Research
May 9, 2026

Mining Minutes | Copper Bull Market Returns

Investor sentiment on the Metals/Mining sector appears to be improving as the war in Iran is hopefully de-escalating. Interest from generalists is rising once again, but not yet to the feverish pitch that we saw in Jan-Feb. The combination of: 1) strong ISM Manufacturing PMIs in the US manifesting in a real cyclical upturn in industrial activity, and 2) a Fed easing cycle would be very bullish for the sector. Will that scenario play out in 2H? 2027? Stay long.

Our Key Research from this Past Week:

Macrowaves: Copper and Global GDP (HERE): The global economy has become more copper-intensive since the peak of the China Supercycle in 2011. Copper's increased importance due to functional factors reduces the risk of substitution and suggests further price upside in the years ahead. We forecast a peak, risk-adjusted annual average price of $6.50/ lb by the end of this decade, but we see a path to a significantly higher price if demand destruction is indeed needed for the market to balance.

Earnings Takeaways in Steel - Investment Case Intact (HERE): 1Q earnings for the major US steel producers rose meaningfully from 4Q25 levels due to both the rise in steel prices, but also due to higher shipment volumes, including record levels in some cases despite what is typically a seasonally weak period. 2Q should see a further rise in earnings, and meaningfully higher FCF across the board following large 1Q working capital builds. Risk to consensus earnings, and thus share prices, remains to the upside in steel.

Lundin - Solid Quarter with No Major Surprises (HERE): Lundin reported adjusted 1Q EBITDA from continuing operations of $627m, beating our estimate of $609m, driven largely by lower-than-expected costs. Full-year production and cost guidance were reaffirmed, and the company's net cash position increased to $249m during the quarter.

Peabody - Disappointing Results and Guidance; Darkest Before Dawn? (HERE): Peabody reported significantly weaker-than-expected 1Q results due to previously disclosed issues at Centurion ($80m EBITDA impact) and higher-than-expected costs in the PRB. Guidance for 2Q is also weak as costs are expected to be materially higher in all segments. Concerns about the ramp of Centurion and cost pressures will likely be an overhang on these shares for the near-term.

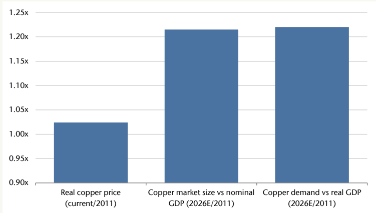
Core - A Clean Strike off the Tee as Core Delivers Operationally (HERE): Core reported 1Q EBITDA of $180M, which was slightly below consensus of $189M but ahead of our estimate of $176M. Delivery of capital returns at 85% of reported free cash flow is a positive, as CNR is one of the few coal companies generating FCF and returning it to shareholders.

Alpha - Reported Results In Line with Pre-Announcement (HERE): Alpha's 1Q EBITDA of $30M was inline with the pre-release last month, but compares to the prior consensus estimate of $62M. Lower shipments due to DTA maintenance and high diesel costs put pressure on margins. Operational upside and a potential recovery in high vol prices should help as the year progresses, but further cost inflation is a risk for Alpha and other coal miners.

[Podcast Replay] Digging Deeper with JEF Global Metals & Mining (HERE): Mining results takeaways, war-related cost pressures, gold miner margin resilience, steel earnings, LAtAm miners, de-escalation trade and top picks.

The global economy has become more copper-intensive since the peak of the China Supercycle in 2011, with growth in copper demand (in tonnes) outpacing growth in real global GDP by ~22% over the past 15 years.

Chart of the Week: Copper - Today vs 2011



Source: Bloomberg, Jefferies

Upcoming Podcasts:

- ***Digging Deeper with Jefferies' Global Mining and Steel Team*** *(Wednesday, May 20th, at 10:00am ET / 3:00pm BST. Register HERE)*

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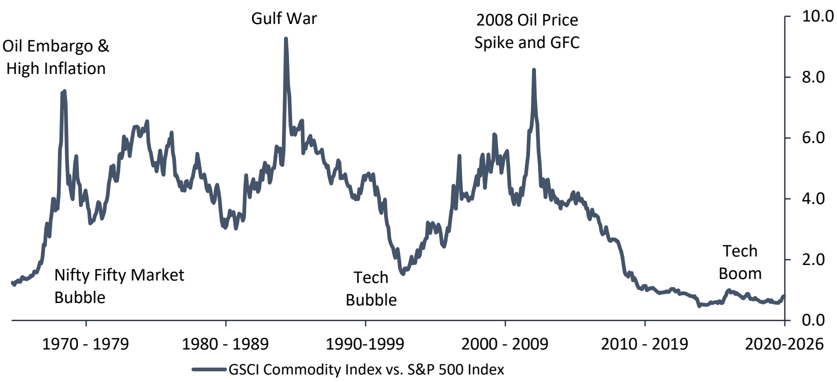
Dogs, True Perfection, and Jagger | February 28 2026

Exhibit 1 - Ratio of Commodity Prices to the S&P500



Source: FactSet, Jefferies

Exhibit 2 - S&P GSCI Reference Percentage Dollar Weights

Commodity	2025 RPDW	2026 RPDW
Corn	4.56%	4.67%
Soybeans	3.51%	3.10%
Chicago Wheat	2.50%	2.38%
Coffee	1.04%	1.85%
Sugar	1.99%	1.72%
Kansas Wheat	1.26%	1.24%
Cocoa	0.82%	1.18%
Cotton	1.03%	0.88%
Live Cattle	4.67%	5.20%
Lean Hogs	2.47%	3.31%
Feeder Cattle	2.16%	2.68%
Brent Crude Oil	20.73%	18.22%
WTI Crude Oil	20.26%	17.79%
Gas Oil	5.91%	5.22%
Heating Oil	4.22%	3.69%
Natural Gas	2.39%	3.57%
RBOB Gasoline	3.90%	3.29%
Copper	4.95%	5.47%
Aluminum	3.76%	4.28%
Nickel	0.90%	0.93%
Zinc	0.82%	0.89%
Lead	0.57%	0.56%
Gold	5.10%	7.24%
Silver	0.48%	0.65%

Source: S&P Dow Jones Indices

S&P GSCI Reference Percentage Sector Weights

Sector	2025	2026
Energy	57.41%	51.78%
Agriculture	16.69%	17.01%
Industrial Metals	11.01%	12.13%
Livestock	9.30%	11.19%
Precious Metals	5.59%	7.89%

Source: S&P Dow Jones Indices

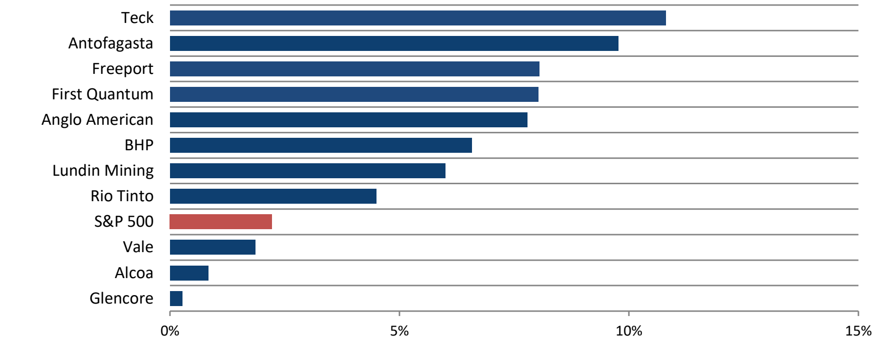
Exhibit 3 - Average quarterly total return by sector over the past 10 years

Sector/Subsector	Ticker	1Q	2Q	3Q	4Q
Technology	KXV	3.3%	7.6%	3.5%	6.6%
Financials	XLF	-0.4%	2.3%	3.1%	9.3%
Health Care	XLV	0.7%	2.8%	1.8%	4.0%
Energy	XLE	2.9%	4.4%	-0.5%	4.7%
Communication Services	XLC	3.7%	6.5%	0.7%	3.2%
Industrials	XLI	2.0%	2.9%	3.2%	6.3%
Consumer Discretionary	XLY	0.9%	4.5%	4.6%	4.5%
Utilities	XLU	3.0%	2.1%	2.7%	3.5%
Consumer Staples	XLP	1.5%	1.8%	1.1%	4.3%
Real Estate	XLRE	0.9%	2.7%	0.6%	3.3%
Materials	XLB	1.0%	3.2%	1.6%	5.7%
Global Metals & Mining	**PICK**	**3.6%**	**1.5%**	**1.6%**	**7.7%**

Source: FactSet

Note that the metals and mining sector tends to outperform in 1Q due to seasonal factors and tends to be seasonally weaker in 2Q and 3Q.

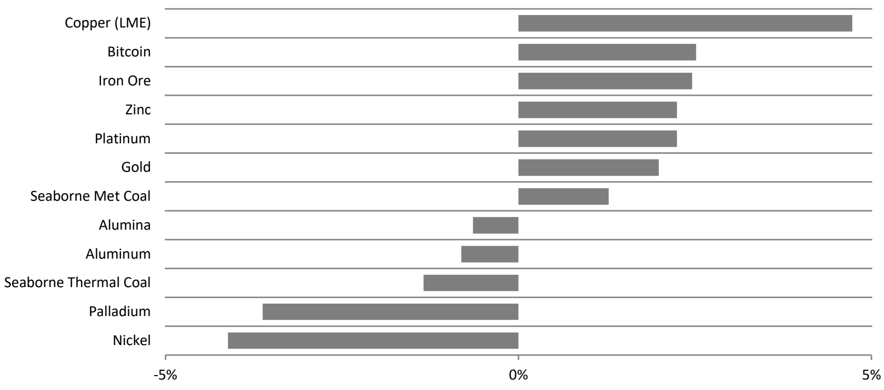
Exhibit 4 - Share Price Performance ($US), WTD



Source: Factset, Jefferies

A strong week for the miners and the market.

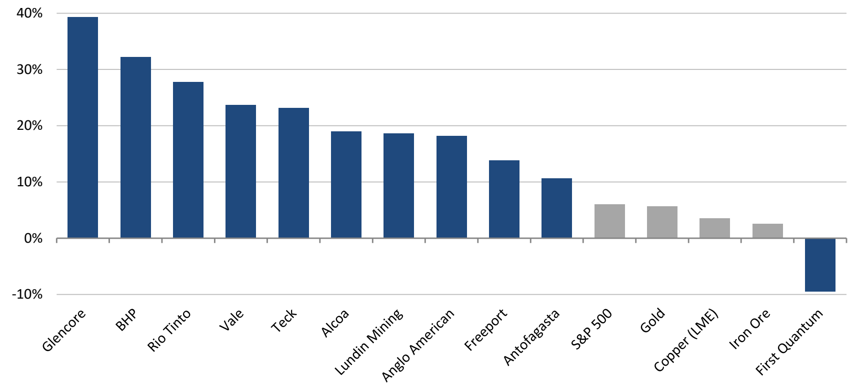
Exhibit 5 - Commodity Price Performance, WTD



Source: Factset, Jefferies

Commodity prices continue to be mixed, but copper broke out.

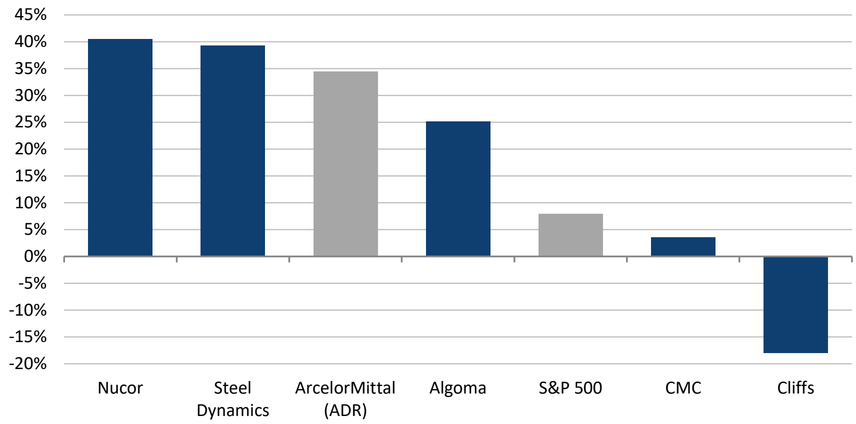
Exhibit 6 - YTD Performance (US$), TSR



Source: Factset, Jefferies

The sector continues to outperform the broader market YTD.

Exhibit 7 - YTD Steel Share Price Performance (US$), TSR



Source: Factset, Jefferies

Some steel equities are also outperforming the market so far this year.

Exhibit 8 - Total Shareholder Returns (In Local Currencies)

	TSR WTD	TSR YTD	TSR since March '20	TSR 1-yr
Ramaco Resources	5.9%	-18.8%	768.9%	53.9%
Nucor	5.9%	39.6%	770.9%	93.0%
Algoma Steel	4.2%	14.0%	-	-8.0%
Cleveland Cliffs	3.8%	-23.7%	230.1%	23.0%
Teck Resources	3.5%	22.0%	896.0%	72.2%
South32	3.4%	22.8%	208.3%	69.8%
MMG	3.3%	-5.2%	710.1%	252.1%
S&P 500	1.3%	6.0%	202.5%	30.3%
Steel Dynamics	1.2%	35.8%	1567.2%	79.3%
Rio Tinto Plc (ADR)	0.9%	29.1%	319.4%	78.1%
CMC	0.8%	1.4%	570.1%	58.6%
Glencore	0.5%	37.8%	457.1%	135.7%
Core Natural Resources	0.3%	-2.6%	-	19.8%
FTSE All-Share	-0.1%	4.0%	101.2%	21.1%
Rio Tinto Plc	-0.1%	26.4%	259.7%	74.6%
BHP Ltd (ADR)	-1.0%	33.6%	324.8%	73.3%
BHP Ltd	-1.8%	30.8%	357.1%	70.3%
Peabody Energy	-2.7%	-12.7%	719.8%	112.7%
Anglo American	-2.8%	16.9%	313.4%	81.3%
Alpha Metallurgical Resources	-3.2%	-9.3%	5114.1%	49.4%
Warrior Met Coal	-3.2%	-4.8%	564.5%	76.3%
Antofagasta	-3.5%	9.5%	537.0%	121.1%
Alcoa	-4.4%	19.0%	1050.7%	160.2%
Freeport-McMoRan	-5.7%	13.8%	1063.3%	61.6%
Vale (ADR)	-6.2%	23.6%	279.3%	86.7%
Ivanhoe Electric	-6.4%	-20.1%	-	102.7%
Lundin Mining	-6.9%	17.5%	788.2%	208.8%
First Quantum	-7.9%	-10.3%	476.9%	78.3%

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Source: Factset, Jefferies

Steel names led this past week.

Exhibit 9 - Jefferies' Commodity Price Forecasts

		Jefferies' forecasts							
	Spot	2024A	2025A	2026E	2027E	2028E	2029E	2030E	Long-term
Base Metals (US$ per lb)									
Aluminium	1.58	1.11	1.19	1.46	1.40	1.40	1.45	1.50	1.30
Copper (LME)	6.13	4.21	4.51	5.46	5.50	5.75	6.00	6.50	5.00
Nickel	8.58	7.64	6.88	7.67	7.75	7.75	7.75	7.75	8.00
Zinc	1.56	1.26	1.30	1.41	1.40	1.35	1.30	1.20	1.00
PGMs and Gold (US$ per oz)									
Platinum	2,050	955	1,281	1,925	1,800	1,500	1,300	1,200	1,200
Palladium	1,490	981	1,150	1,531	1,400	1,300	1,200	1,100	1,100
Gold	4,724	2,388	3,436	5,079	5,200	4,750	4,500	4,000	3,500
Iron Ore (CFR China) (US$ per tonne)									
Fines (62% Fe)	110	108	99	99	95	90	90	90	90
Coal (FOB) (US$ per tonne)									
Australian hard coking coal	238	240	190	234	235	225	225	225	220
Australian thermal coal (Newcastle, 6000 kcal/kg)	132	135	106	136	125	115	110	105	100
US Steel (US$ per short ton)									
US Midwest Domestic Hot-Rolled Coil	1,053	766	856	939	871	874	866	862	862
US Domestic Rebar	920	771	829	907	822	809	790	780	780
Alumina (US$ per tonne)									
Alumina	312	500	396	317	330	340	360	375	375

Source: Bloomberg, Jefferies' estimates

Exhibit 10 - Global Mining and Steel Comparable Valuations, CY 2025A-2027E

May 8, 2026			Current	Price	P/E			EV/EBITDA			FCF Yield			Dividend Yield			
Company	Ticker	Rating	Price	Target	2025A	2026E	2027E	2025A	2026E	2027E	2025A	2026E	2027E	2025A	2026E	2027E	P/NPV
Europe																	
Anglo American	AAL LN	Buy	3868p	4200p	97.5x	32.3x	27.8x	11.8x	8.6x	7.8x	0.2%	1.1%	2.1%	0.4%	1.2%	1.4%	1.9x
Antofagasta	ANTO LN	Hold	3913p	3700p	41.2x	31.3x	28.2x	15.9x	14.2x	12.9x	-1.9%	-0.1%	0.9%	1.2%	1.1%	1.2%	1.9x
BHP Ltd	BHP LN	Hold	3101p	2700p	18.6x	16.1x	15.6x	7.6x	6.8x	6.7x	4.1%	3.8%	4.5%	3.1%	3.4%	3.5%	1.2x
Glencore	GLEN LN	Buy	565p	650p	N/A	15.5x	13.8x	9.7x	6.7x	6.4x	0.9%	3.0%	5.7%	1.3%	2.2%	1.2%	1.0x
Rio Tinto Plc	RIO LN	Hold	7728p	7000p	15.7x	12.0x	12.1x	7.7x	6.6x	6.5x	2.6%	5.2%	6.8%	3.8%	5.0%	4.9%	1.2x
Americas																	
Alcoa	AA US	Buy	$63.34	$82.00	16.8x	10.3x	11.6x	9.7x	6.5x	6.1x	3.6%	2.8%	6.0%	0.6%	0.6%	0.6%	0.7x
BHP Ltd (ADR)	BHP US	Hold	$84.41	$73.00	18.6x	16.1x	15.6x	7.6x	6.8x	6.7x	4.1%	3.8%	4.5%	3.1%	3.4%	3.5%	1.2x
First Quantum	FM CN	Buy	C$35.10	C$47.00	N/M	61.4x	9.9x	18.9x	12.0x	5.3x	3.8%	0.8%	9.4%	0.0%	0.0%	0.0%	0.7x
Freeport-McMoRan	FCX US	Buy	$61.20	$75.00	34.7x	25.8x	17.5x	15.1x	11.2x	9.1x	-0.2%	1.7%	5.5%	1.0%	0.5%	1.4%	1.4x
Lundin Mining	LUN CN	Buy	C$36.75	C$43.00	30.0x	27.7x	23.5x	14.1x	12.5x	11.3x	2.6%	3.4%	3.7%	0.6%	0.3%	0.3%	1.0x
Rio Tinto Plc (ADR)	RIO US	Hold	$105.20	$94.00	15.7x	12.0x	12.1x	7.7x	6.6x	6.5x	2.6%	5.2%	6.8%	3.8%	5.0%	4.9%	1.2x
Teck Resources	TECK.B CN	Buy	C$87.32	C$95.00	28.1x	19.3x	20.6x	11.0x	7.2x	6.8x	0.7%	3.7%	6.9%	0.6%	0.7%	1.4%	1.8x
Vale (ADR)	VALE US	Buy	$16.51	$21.00	30.0x	8.7x	7.7x	5.4x	5.2x	5.1x	4.0%	4.8%	7.2%	4.9%	9.4%	5.4%	0.8x
Asia Pacific																	
BHP Ltd	BHP AU	Hold	A$57.95	A$52.00	18.5x	16.0x	15.5x	7.5x	6.7x	6.6x	4.2%	3.8%	4.5%	3.1%	3.4%	3.5%	1.2x
MMG	1208 HK	Hold	HK$10.00	HK$9.50	30.4x	13.4x	14.2x	7.8x	5.6x	5.5x	8.8%	6.1%	8.1%	0.0%	0.0%	0.0%	1.1x
Rio Tinto Ltd	RIO AU	Hold	A$178.72	A$162.00	19.3x	14.8x	14.9x	9.4x	8.0x	7.9x	2.1%	4.2%	5.5%	3.1%	4.1%	4.0%	1.4x
Coal Miners																	
Alpha Metallurgical Resources	AMR US	Hold	$193.43	$195.00	N/M	31.4x	10.0x	21.8x	9.5x	5.0x	0.8%	2.4%	9.9%	N/M	N/M	N/M	1.0x
Core Natural Resources	CNR US	Buy	$88.56	$110.00	N/M	17.7x	9.0x	10.5x	5.5x	3.5x	0.5%	10.4%	15.7%	0.5%	0.5%	0.5%	0.7x
Peabody Energy	BTU US	Buy	$23.88	$40.00	N/M	8.1x	5.7x	6.0x	2.8x	1.8x	-2.6%	12.8%	18.8%	1.3%	1.3%	1.3%	0.5x
Ramaco Resources	METC US	Buy	$14.63	$20.00	N/M	N/M	127.8x	20.9x	9.7x	7.1x	-8.6%	-0.1%	6.9%	1.9%	0.0%	0.0%	0.7x
Warrior Met Coal	HCC US	Buy	$87.06	$120.00	80.5x	10.6x	8.1x	17.8x	6.0x	5.0x	-3.6%	7.2%	12.4%	0.4%	0.4%	0.4%	0.8x
Steel Producers																	
Algoma Steel	ASTL CN	Hold	C$7.02	C$6.00	N/M	N/M	N/M	N/M	N/M	8.6x	-49.0%	-6.4%	14.6%	1.4%	0.0%	0.0%	0.5x
Cleveland-Cliffs	CLF US	Hold	$10.88	$10.00	N/M	N/M	36.6x	NM	11.1x	7.2x	-18.3%	-1.1%	5.6%	0.0%	0.0%	0.0%	0.6x
CMC	CMC US	Buy	$71.33	$85.00	17.5x	10.2x	10.0x	8.3x	6.9x	6.2x	4.1%	10.2%	11.2%	1.0%	1.1%	1.1%	0.9x
Nucor	NUE US	Buy	$229.77	$275.00	30.5x	15.7x	15.1x	13.8x	8.7x	8.1x	-0.4%	4.9%	7.8%	1.0%	1.0%	1.0%	0.9x
Steel Dynamics	STLD US	Buy	$236.85	$265.00	29.5x	16.1x	15.5x	17.9x	10.2x	9.3x	1.4%	6.3%	7.1%	0.8%	0.9%	0.9%	1.1x

Priced Intraday

Source: Factset, Jefferies

Company Valuation/Risks

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Investment Recommendation Record

(Article 3(1)e and Article 7 of MAR)

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The expected total return (price appreciation plus yield) for Buy rated securities with an average security price consistently below $10 is 20% or more within a 12-month period as these companies are typically more volatile than the overall stock market. For Hold rated securities with an average security price consistently below $10, the expected total return (price appreciation plus yield) is plus or minus 20% within a 12-month period. For Underperform rated securities with an average security price consistently below $10, the expected total return (price appreciation plus yield) is minus 20% or less within a 12-month period.
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Other Companies Mentioned in This Report

- Alcoa (AA: $63.18, BUY)

- Algoma Steel Group Inc (ASTL CN: C$7.04, HOLD)
- Alpha Metallurgical Resources, Inc. (AMR: $184.11, HOLD)
- Anglo American (AAL LN: p3,849.00, BUY)
- Antofagasta (ANTO LN: p3,897.50, HOLD)
- ArcelorMittal (MT: $62.04, BUY)
- ArcelorMittal (MT NA: €52.06, BUY)
- BHP Group Ltd (BHP: $84.72, HOLD)
- BHP Group Ltd (BHP AU: AUD57.95, HOLD)
- BHP Group Ltd (BHP LN: p3,084.00, HOLD)
- Cleveland-Cliffs Inc (CLF: $11.02, HOLD)
- Commercial Metals Co. (CMC: $70.96, BUY)
- Core Natural Resources, Inc (CNR: $84.91, BUY)
- First Quantum (FM CN: C$35.00, BUY)
- Freeport-McMoRan (FCX: $61.65, BUY)
- Glencore (GLEN LN: p563.20, BUY)
- Ivanhoe Electric Inc (IE: $13.90, BUY)
- Lundin Mining Corp (LUN CN: C$37.16, BUY)
- MMG Limited (1208 HK: HK$10.00, HOLD)
- Nucor Corp. (NUE: $227.50, BUY)
- Peabody Energy (BTU: $23.59, BUY)
- Ramaco Resources, Inc. (METC: $14.81, BUY)
- Rio Tinto (RIO LN: p7,704.00, HOLD)
- Rio Tinto (RIO AU: AUD178.72, HOLD)
- Rio Tinto (RIO: $105.38, HOLD)
- South32 Limited (S32 AU: AUD4.14, BUY)
- South32 Limited (S32 LN: p222.60, BUY)
- Steel Dynamics, Inc. (STLD: $235.10, BUY)
- Teck Resources Limited (TECK/B CN: C$88.75, BUY)
- Vale (VALE: $16.63, BUY)
- Warrior Met Coal, Inc. (HCC: $85.87, BUY)

Distribution of Ratings

			IB Serv./Past12 Mos.		JIL Mkt Serv./Past12 Mos.	
	Count	Percent	Count	Percent	Count	Percent
BUY	2176	61.91%	372	17.10%	107	4.92%
HOLD	1184	33.68%	110	9.29%	20	1.69%
UNDERPERFORM	155	4.41%	1	0.65%	1	0.65%

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