

## **Rare Earths are the Oil of the 21<sup>st</sup> Century**

Link to original article (in French): [http://www.lemonde.fr/economie/article/2014/06/16/c-est-le-moment-d-investir-dans-les-terres-rares\\_4438932\\_3234.html?xtmc=terre\\_rare&xtcr=1](http://www.lemonde.fr/economie/article/2014/06/16/c-est-le-moment-d-investir-dans-les-terres-rares_4438932_3234.html?xtmc=terre_rare&xtcr=1)

### **Translated by Google Translator:**

Investing in rare earths as you bet on stocks? While industrial metals prices continue to decline, financial companies offer individuals to invest in the "rare earth", these confidential and expensive metals used in the manufacture of high technology and that China accounts for over 95% of production. Gregory Gautier, President of Index MTL Group, explains why he believes this investment, but in the long term.

### **Why are you proposing to buy "rare earth"?**

#### **Gregory Gautier, President of MTL Index**

Because they are present in the batteries of electric cars, smart phones chips and components of our LED bulbs. Their application can only grow and their prices too. For example, from 2004 to 2013, the price of dysprosium has soared by 2694%.

### **Why?**

It is very expensive to maintain a marine wind farm and the less they breakdown, the better. However their "permanent" high performance magnets containing dysprosium should be repaired on average every eight thousand hours of operation, whereas those made with neodymium fail after six thousand hours.

### **But is it reasonable to buy a "rare earth" as dysprosium, produced less than 500 tons per year in the world?**

Today everyone is reluctant to invest. Stock Exchange is unpredictable; property as well; gold does not keep its promises. We need to diversify our portfolio. How better to do otherwise than investing in physical stock, so secure, that will meet the growing needs of industry? In addition, it is a niche investment where there are few competitors.

### **MTL Index therefore resells these metals to investors?**

No, we provide information on each of the metals that seem destined for a bright future, because we know that we offer and discuss with industry to understand their needs. It is our customers who choose to buy yttrium, used in the manufacture of catalytic converters and memory cards, or europium, which increases light output CRTs and low consumption lamps.

Since a year, our thousands of customers put their purchases in a warehouse under custom that manages the company Metlock in Frankfurt. They can sell their stock when they want without us. However, we advise them to retain their metals between three and five years. In fact, we act as holding management consulting.

### **Rare metals prices decrease since 2012. Is not it discouraging?**

On the contrary, it's time to buy, because we know that their prices will rise. The potential demand is huge: these minor metals are consubstantial of the miniaturization and improved performance of computers, smartphones and tablets that we cannot do without anymore.

In comparison, their supply is inelastic, because the production process is long, complex and concentrated in a handful of countries, first and foremost China, which accounts for over 95% of world production. That is why we say that these metals are oil of the twenty-first century.