

26 January 2026

Basic Materials | Metals

Press Metal (PMAH MK)

Buy (Maintained)

Aluminium Price Hits Multi-Year High; Keep BUY

Target Price (Return): MYR8.50 (14.7%)
 Price (Market Cap): MYR7.41 (USD15,240m)
 ESG score: 3.4 (out of 4)
 Avg Daily Turnover (MYR/USD) 105m/25.5m

- **Keep BUY, new MYR8.50 TP (from MYR7.30), 15% upside and c.1% yield.** Press Metal is well-positioned for robust earnings growth in FY26F, underpinned by higher aluminium LME prices and a favourable aluminium-to-alumina cost ratio. We believe aluminium prices will remain supported in the near term amid a weaker USD, high copper prices, and tight supply.
- **A structurally weaker USD in 2026** will be driven by expected rate cuts (50bps), ongoing de-dollarisation, and the liquidity surge into the US market. USD/MYR fell 9.3% YoY in 2025 to MYR4.06, and now stands at MYR4.02. Historically, USD/MYR is inversely correlated with aluminium prices (-0.73 over the past three years), suggesting further upside to aluminium prices. In-house estimates point to the USD/MYR moving towards MYR4 by the year-end, while Bloomberg has a wider estimate of MYR3.65-4.37.
- **Copper price at all-time high.** Aluminium prices are closely correlated with copper (+0.75 over the past three years), as both metals are key beneficiaries of electrification and energy transition themes, including investment in power grids, data centres (DCs), and EV infrastructure. Supply is expected to remain tight in 2026 following disruptions in Indonesia (c.4% of global output) and operational setbacks in Chile, while structural demand from AI-related infrastructure remains intact, providing a supportive backdrop for aluminium prices.
- **Alumina outlook.** Alumina prices have fallen 54% YoY to USD310/tonne, now making up 10-11% of aluminium prices. In 2026, we expect alumina prices to remain favourable, thanks to new capacity coming onstream in Bintan (4m tonnes). Meanwhile, bauxite prices (which make up c.50% of alumina costs) also eased by 13% YoY in 2025 and -2% in YTD-2026.
- **We revise our aluminium LME assumptions to USD2,950/tonne for FY26F and USD2,850/tonne for FY27F, from USD2,700/tonne.** While spot prices of USD3,000-3,100/tonne may persist in the near term given the current momentum, we prefer to adopt a more conservative stance.
- **We lift FY25-27F forecasts by c.5%, 17% and 18%** to account for our latest price assumptions and in-house USD/MYR forecasts. We believe PMAH's share price has further upside despite the strong run-up in 2025. The stock currently trades at 22x FY26F P/E, within its 3-year average, and we view this as attractive given the elevated aluminium price environment, which should translate to a favourable aluminium-to-alumina cost ratio.
- **Key risks:** Faster-than-expected supply growth, plunge in aluminium prices, and lower-than-expected demand from the renewable energy (RE) space.

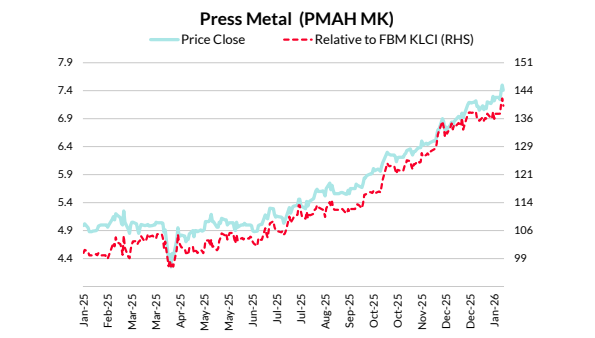
Analyst

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Share Performance (%)

	YTD	1m	3m	6m	12m
Absolute	4.1	3.6	19.5	40.6	48.5
Relative	1.7	1.0	12.5	28.2	39.4
52-wk Price low/high (MYR)	4.25 - 7.50				



Source: Bloomberg

Forecasts and Valuation	Dec-23	Dec-24	Dec-25F	Dec-26F	Dec-27F
Total turnover (MYRm)	13,805	14,910	16,032	16,895	16,699
Recurring net profit (MYRm)	1,241	1,858	2,194	2,793	2,882
Recurring net profit growth (%)	(11.4)	49.7	18.1	27.3	3.2
Recurring P/E (x)	49.21	32.87	27.82	21.86	21.18
P/B (x)	8.8	7.2	6.1	5.1	4.4
P/CF (x)	23.06	25.49	22.71	16.14	15.48
Dividend Yield (%)	0.9	0.9	1.1	1.4	1.4
EV/EBITDA (x)	27.60	24.03	18.28	13.80	13.25
Return on average equity (%)	17.9	22.9	23.7	25.4	22.2
Net debt to equity (%)	37.8	22.9	9.1	net cash	net cash

Source: Company data, RHB

Overall ESG Score: 3.4 (out of 4)

E Score: 3.3 (EXCELLENT)

S Score: 3.3 (EXCELLENT)

G Score: 3.7 (EXCELLENT)

Please refer to the ESG analysis on the next page

Emissions And ESG

Trend analysis

In FY23, PMAH's total operational GHG emissions reduced by 9% YoY due to the expansion in RE sourcing and generation as well as operational efficiency improvements and enhancements.

Emissions (tCO2e)	Dec-22	Dec-23	Dec-24	Dec-25
Scope 1	2,221	2,172	na	na
Scope 2	2,978	2,122	na	na
Scope 3	7,839	7,513	na	na
Total emissions	13,037	11,807	na	na

Source: Company data, RHB

Latest ESG-Related Developments

Press Metal Bintulu was awarded the World Sustainability Leadership Award by the Premier of Sarawak in recognition of its outstanding contributions in the field of sustainability.

PMAH has also been maintained as a constituent of the FTSE4Good Bursa Malaysia Index and its MSCI rating was upgraded to "A" from "BBB" in Oct 2023.

Introduced Responsible Sourcing Standards to align its procurement practices with its sustainability goals.

ESG Unbundled

Overall ESG Score: 3.4 (out of 4)

Last Updated: 26 Feb 2025

E Score: 3.3 (EXCELLENT)

Press Metal Bintulu was awarded the World Sustainability Leadership Award by the Premier of Sarawak in recognition of its outstanding contributions in the field of sustainability. PMAH was included as a constituent of the FTSE4Good Bursa Malaysia Index in 2022 and its MSCI rating was upgraded to "A" from "BBB" in Oct 2023.

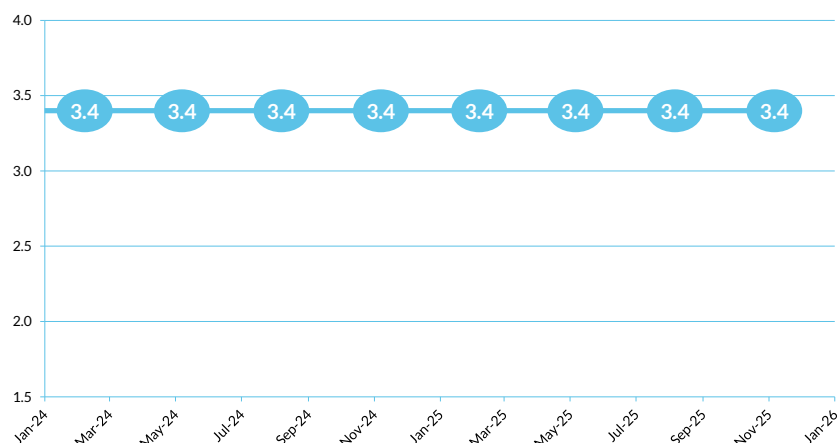
S Score: 3.3 (EXCELLENT)

PMAH recorded two consecutive years of zero workplace injuries and fatalities thanks to its regular occupational health and safety training programmes and continuous efforts to provide work-life balance for all employees.

G Score: 3.7 (EXCELLENT)

Good levels of transparency afforded by the group's reporting framework and management's regular dialogue with the market. Sustainability reporting is prepared in line with the GRI Standard.

ESG Rating History



Source: RHB

Financial Exhibits

Asia	Financial summary (MYR)	Dec-23	Dec-24	Dec-25F	Dec-26F	Dec-27F
Malaysia	Recurring EPS	0.15	0.23	0.27	0.34	0.35
Basic Materials	DPS	0.07	0.07	0.08	0.10	0.10
Press Metal	BVPS	0.84	1.03	1.22	1.45	1.70
PMAH MK	Return on average equity (%)	17.9	22.9	23.7	25.4	22.2
Buy						
	Valuation metrics	Dec-23	Dec-24	Dec-25F	Dec-26F	Dec-27F
Valuation basis	Recurring P/E (x)	49.21	32.87	27.82	21.86	21.18
FCFF valuation	P/B (x)	8.8	7.2	6.1	5.1	4.4
	FCF Yield (%)	3.6	3.8	3.0	4.8	5.1
	Dividend Yield (%)	0.9	0.9	1.1	1.4	1.4
Key drivers	EV/EBITDA (x)	27.60	24.03	18.28	13.80	13.25
i. PMAH's proven low-cost model helps to keep its smelters in the first quartile of the global production cost curve.	EV/EBIT (x)	38.50	33.28	23.65	17.03	16.49
ii. The bottoming out of aluminium prices and weak MYR should directly boost bottomline.						
	Income statement (MYRm)	Dec-23	Dec-24	Dec-25F	Dec-26F	Dec-27F
Key risks	Total turnover	13,805	14,910	16,032	16,895	16,699
i. Faster-than-expected supply growth;	Gross profit	2,295	2,830	3,306	4,256	4,281
ii. Plunge in aluminium prices;	EBITDA	2,312	2,630	3,391	4,359	4,387
iii. Lower-than-expected demand from the RE space.	Depreciation and amortisation	(655)	(731)	(769)	(825)	(864)
	Operating profit	1,657	1,899	2,622	3,534	3,523
Company Profile	Net interest	(219)	(155)	(80)	(60)	(42)
Press Metal is a Malaysia-based aluminium company with an extensive global presence. The group has downstream extrusion operations that are integrated with its greenfield aluminium smelting plants in Mukah and Samalaju in Sarawak, which have an annual combined capacity of 1,080,000 tonnes. It also operates aluminium extrusion plants in Malaysia and China.	Pre-tax profit	1,646	2,303	2,889	3,800	3,890
	Taxation	(128)	(179)	(283)	(367)	(367)
	Reported net profit	1,215	1,766	2,194	2,793	2,882
	Recurring net profit	1,241	1,858	2,194	2,793	2,882
	Cash flow (MYRm)	Dec-23	Dec-24	Dec-25F	Dec-26F	Dec-27F
	Change in working capital	372	(752)	(541)	(395)	(360)
	Cash flow from operations	2,647	2,395	2,689	3,783	3,944
	Capex	(424)	(61)	(844)	(852)	(861)
	Cash flow from investing activities	(706)	(845)	(779)	(785)	(792)
	Dividends paid	(577)	(577)	(658)	(838)	(865)
	Cash flow from financing activities	(1,537)	(1,391)	(1,238)	(1,298)	(1,307)
	Cash at beginning of period	599	1,228	1,509	2,261	4,020
	Net change in cash	405	159	672	1,700	1,846
	Ending balance cash	1,003	1,362	2,181	3,961	5,867
	Balance sheet (MYRm)	Dec-23	Dec-24	Dec-25F	Dec-26F	Dec-27F
	Total cash and equivalents	1,228	1,509	2,261	4,020	5,908
	Tangible fixed assets	7,216	7,030	7,104	7,131	7,127
	Total investments	1,887	2,050	2,397	2,723	3,133
	Total assets	15,366	16,634	18,079	20,243	22,457
	Short-term debt	1,331	1,842	1,842	1,842	1,842
	Total long-term debt	3,068	2,028	1,528	1,128	728
	Total liabilities	6,970	6,329	5,826	5,395	4,950
	Total equity	8,396	10,305	12,253	14,849	17,507
	Total liabilities & equity	15,366	16,634	18,079	20,243	22,457
	Key metrics	Dec-23	Dec-24	Dec-25F	Dec-26F	Dec-27F
	Revenue growth (%)	(12.0)	8.0	7.5	5.4	(1.2)
	Recurrent EPS growth (%)	(13.2)	49.7	18.1	27.3	3.2
	Gross margin (%)	16.6	19.0	20.6	25.2	25.6
	Operating EBITDA margin (%)	16.7	17.6	21.2	25.8	26.3
	Net profit margin (%)	8.8	11.8	13.7	16.5	17.3
	Dividend payout ratio (%)	47.5	32.7	30.0	30.0	30.0
	Capex/sales (%)	3.1	0.4	5.3	5.0	5.2
	Interest cover (x)	6.83	8.71	18.10	27.86	31.79

Source: Company data, RHB

2026 Aluminium Outlook

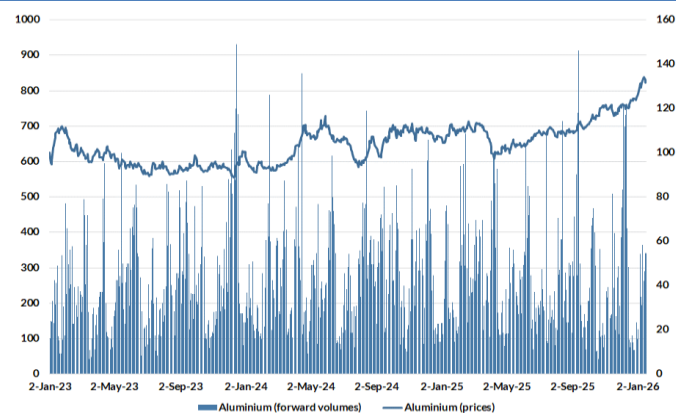
Multi-year high, what's next?

Spot aluminium (LME) prices have been volatile in the past year, falling to a low of around USD2,300 per tonne in Apr 2025, no thanks to global uncertainties arising from US President Donald Trump's Liberation Day. As geopolitical risks started to ease in 2H25 amid: i) A 90-day delay in the US tariff against China on 12 Aug 2025, and ii) the US-China trade truce announced in mid-Nov 2025, which included the US cutting the fentanyl tariff and China facilitating smooth exports of rare earths, LME prices began to recover. For 2026, we now assume limited geopolitical risks as our base case, which should result in a gradual demand recovery for aluminium.

Aluminium LME prices rose 17.5% in 2025 to USD2,968 per tonne, and are moving further to the USD3,000-3,100 range. We believe the recent price movement was driven by a few factors:

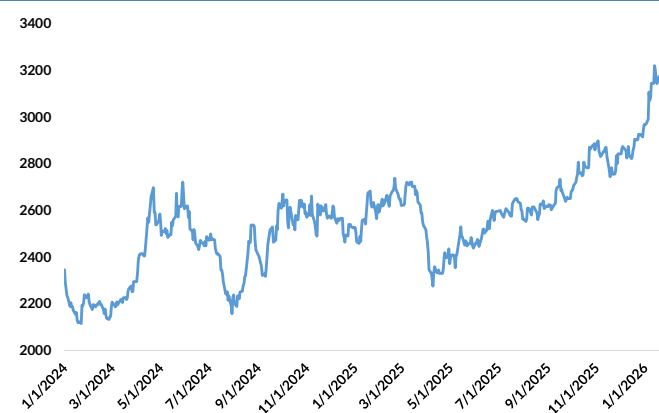
- i. **A structurally weaker USD in 2026**, on the back of: a) RHB Economics expecting two rate cuts (50bps) to 3.0-3.25%; b) pressure from the Executive for lower interest rates; c) acceleration of de-dollarisation trends and d) the liquidity surge in the US market. The latter, which consists of a USD40bn injection to banks and large institutions, is expected to lead to lower short-term funding costs and may boost risk appetite – shifting into relatively risky assets like stocks and commodities, while driving investor sentiment. Additionally, as metals are priced in USD – a weaker USD typically means increased purchasing power, thereby making metals more attractive. This may also push speculative positioning and more active trading interest. This is already evident in aluminium, where forward contract volumes rose >2x in two weeks to 32,000 contracts. We also note that the LME index moves in tandem with the weaker USD, with aluminium having a -0.73 correlation over the past three years, ie a weaker USD translates to higher prices.

Figure 1: Aluminium forward contracts spiked in early 2026



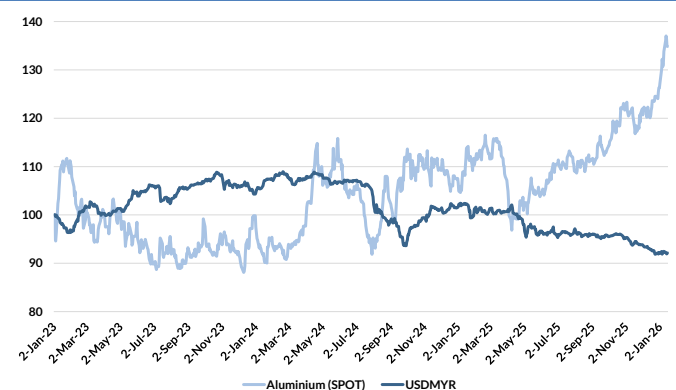
Source: Bloomberg

Figure 2: Aluminium LME prices are now up 7% in YTD-2026



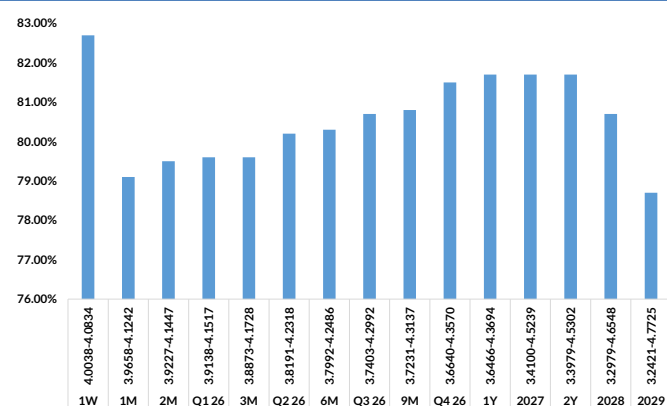
Source: Bloomberg

Figure 3: Aluminium is closely correlated to the USD/MYR, with a -0.73 coefficient



Source: Bloomberg

Figure 4: USD/MYR probability



Source: Bloomberg

ii. **Copper prices hitting all-time high...** Copper prices rose by 44% in 2025, and surged to around USD13,000 per tonne, hitting a record high. While aluminium and copper are not perfect substitutes, given that copper is known to have better conductivity and less thermal expansion, we emphasise that copper prices are positively correlated with aluminium (+0.75 coefficient over the past three years). Moving forward – aside from the aforementioned macro backdrop – we anticipate that prices will remain elevated in the near-term led by more supportive supply-demand dynamics, and this should provide support to aluminium prices.

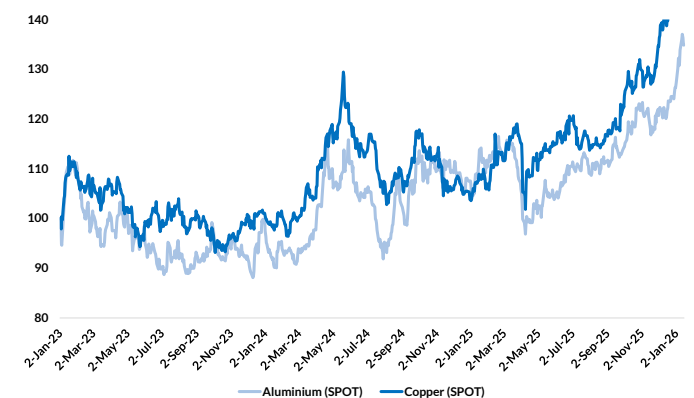
Copper supply remains tight due to a [major incident in the Grasberg mine](#) in Indonesia (the second-largest copper mine after Chile, controlling 4% of global production) in Sep 2025. The main area of the mine, which accounts for 70% of the output, is expected to slowly start production in 2026, with a full recovery only in 2027. With sales guidance for the mine having been cut by 35% for 2026, the market is now pricing in a deficit of 400-600k tonnes this year. Chile also continues to struggle with falling ore grades and operational setbacks, as a tunnel collapsed at its El Teniente mine in Jul 2025. Demand on the other hand, is more China-centric as the country accounts for 50% of global consumption and is targeted to be backed by structural demand from EVs and renewable infrastructure and notably, from DCs and AI infrastructure. S&P Global expects AI to [accelerate copper demand 50% by 2040](#), widening the supply deficit to 24% (10m tonnes short). Overall, we reiterate our positive view on copper prices, which we think will lift aluminium prices in the near term, given its close correlation.

Figure 5: Copper prices are now up 6% YTD-2026



Source: Bloomberg

Figure 6: Aluminium and copper are closely correlated (+0.75 coefficient)

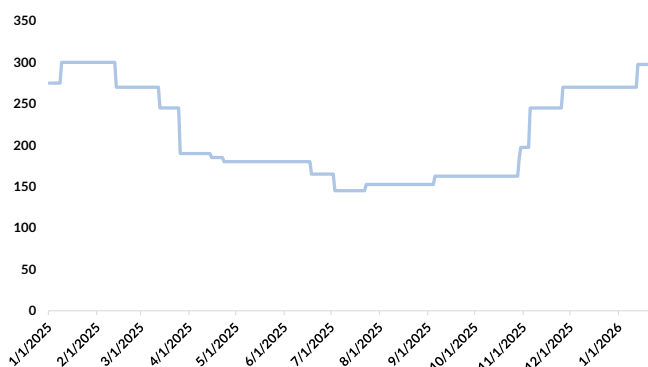


Source: Bloomberg

iii.coupled with aluminium supply tightness. China's [aluminium output reached 45.02m](#) tonnes (+2.4% YoY) in 2025 – hitting its 45m production cap and potentially limiting production growth. China's net aluminium exports were also down 700k (-10% YoY) in Jan-Nov 2025, keeping the ex-China market tight. Outside of China, the competition to secure long-term power contracts continues between smelters and AI DCs. To be economically viable, a smelter requires a 10-20 year contract with electricity costs of c.USD40 per MWh, as it accounts for about a third of a smelter's costs, while AI-related companies are currently bidding for [more than USD115 per MWh](#) (almost three times more). As big tech companies typically have more capex, this enables them to up the bid even more, widening the gap between them and smelters. This will ultimately result in a diminishing competitiveness for the smelters, to the extent that they may require financial support from their governments, such as guaranteed minimum prices and buyers. Elsewhere, there are also a few smelters at risk of cutting operations/slowing down, such as: a) A 560k smelter in Mozambique, which could shut down in Mar 2026, b) Australia's 586k Tomago smelter is at risk from 2029 onwards, c) Rio Tinto's Bell Bay 192k smelter's power contract is set to expire in Dec 2026, and d) the outage in Iceland's 320k smelter in Oct 2025, which halted two-thirds of its production, will take 11-12 months to reset.

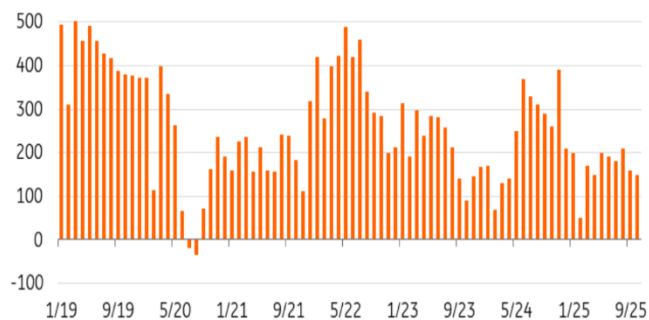
Europe, meanwhile, is also facing 800k tonnes of idle capacity, and the Rotterdam premium has risen by 66% in seven weeks, mainly due to the tightening LME supply (20% YoY) and uncertainties on Carbon Border Adjustment Mechanism (CBAM) implementations, which drive preference for recycled/low-carbon aluminium. Recall that CBAM is expected to be implemented in early 2026. While we note that the official EU ETS allowance (EUA) cost (price of a CBAM certificate) has not been released yet, it is likely that it may increase aluminium prices, assuming the tax is fully absorbed by importers.

Figure 7: Rotterdam premium climbing back to early 2025 levels (USD/tonne)



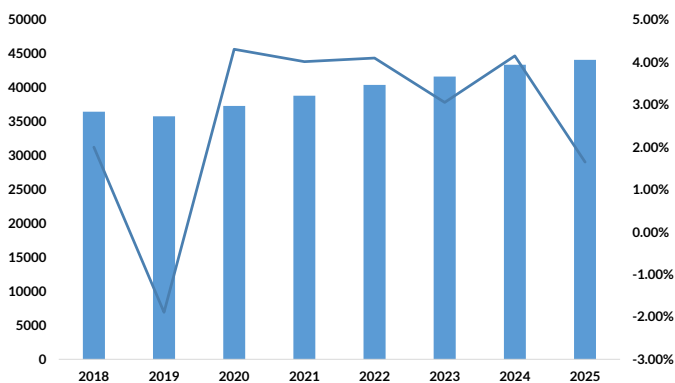
Source: Bloomberg

Figure 8: China net aluminium exports were down 10% YoY in Jan-Nov 2025



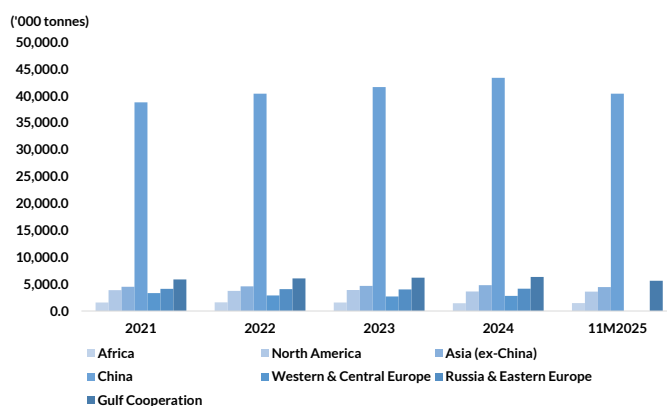
Source: China Customs

Figure 9: China production growth is slowing down



Source: Bloomberg

Figure 10: Global aluminium output continues to be dominated by China

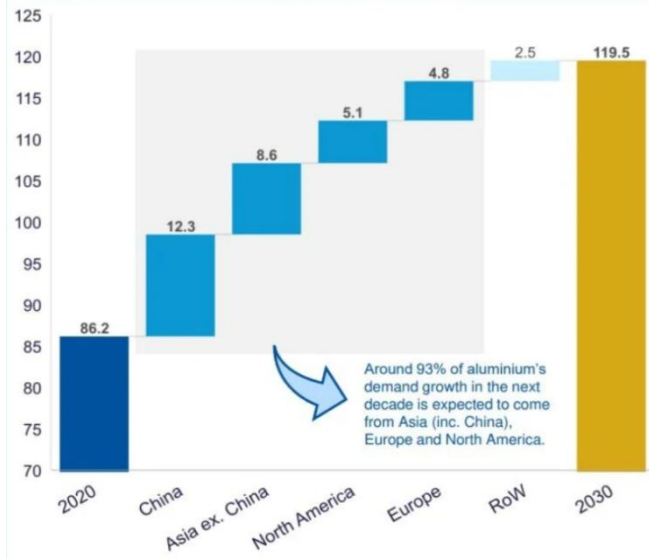


Note: Russia & Eastern Europe data are not available for 2025
Source: Bloomberg

iv. **Demand remains positive, albeit slow.** Similar to copper, aluminium demand is now increasingly being driven by long-term structural shifts – EVs, expansion of RE, and heavy investments into global electricity grids. For example, EVs are estimated to use 60-80kg more aluminium per vehicle – 30-40% more than average internal combustion engine (ICE) cars. In China, retail sales of new energy vehicles (NEV), including plug-in hybrid EVs (PHEV), were up 1.92m units (+17.6% YoY) in 2025, making up c.54% of car sales in 2025 (vs c.48% in 2024). In 2026, global EV sales are expected to [increase by 3.3m units \(+16% YoY\)](#), mainly coming from China (+21% YoY). This could translate to an additional 200-270k tonnes of aluminium pa. By 2030, EVs should account for >60% of new aluminium demand in the transportation sector. Aluminium will also be largely sought-after in the RE sector, where an estimated 40 tonnes of aluminium is used for panel frames, mounts, and wiring for 1-MW solar farms.

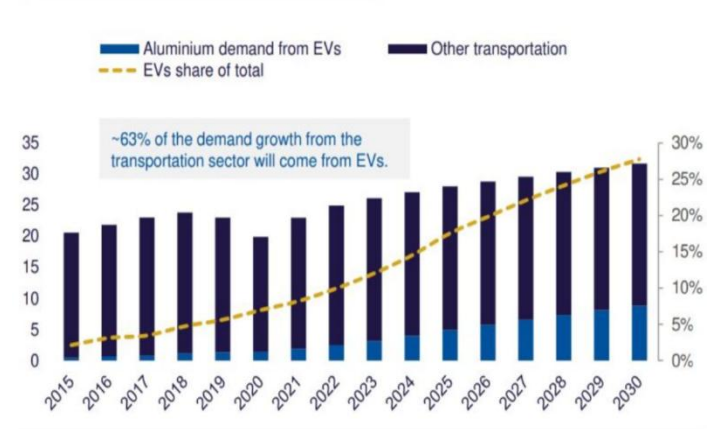
We also highlight that demand for low carbon aluminium has gradually increased, with expectations of c.28m tonnes by 2033, from 19m tonnes in 2024. This will be positive for PMAH especially, given its low-carbon advantage from hydropower. Coupled with sales of its value-added products (VAP) – expected to contribute 50-60% of sales volumes in FY26F – this enables the company to potentially fetch better premium on its products.

Figure 11: Aluminium demand growth by region (MT)



Source: IAI

Figure 12: Aluminium demand from EVs (MT)



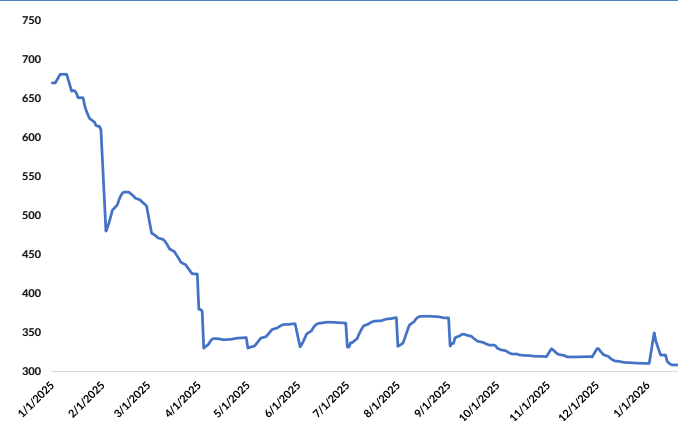
Source: IAI

Alumina Outlook

Alumina prices dropped 54% YoY in 2025 to USD310/tonne, now making up 10.5% of LME aluminium vs a peak of 31% in Dec 2024, as supply chain disruptions from Guinea eased. This is also below the 3-year average of 17%. According to Mysteel’s latest survey, total alumina inventories across 10 major Chinese ports posted the [highest stock levels since Jan 2022](#) (+44% YoY), marking the 12th consecutive week of record highs. Moving forward, we expect alumina prices to remain favourable for smelters, coupled with an additional 1m tonne capacity coming in at Bintan, Indonesia in early 2026 (current capacity: 3m tonnes). Also, PMAH’s PT Kan Phase 1 will be coming online in 2027 (c.1m tonne), bringing its self-sufficiency to >90%. We note that bauxite prices (which make up c.50% of alumina costs) fell 13% YoY in 2025, along with weakening caustic soda prices (-25% YoY).

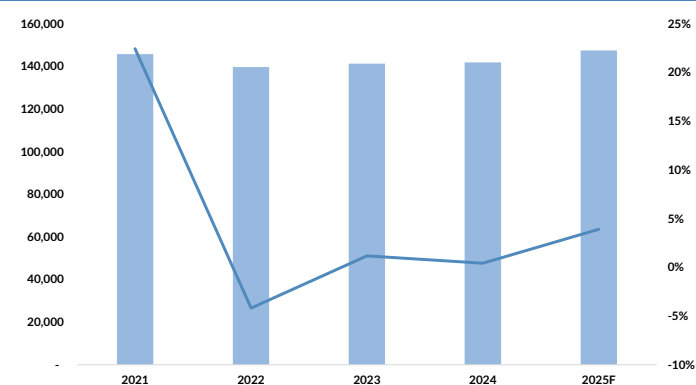
One downside risk is that lower alumina prices could lead some alumina players to approach a loss-making state, forcing them to adopt certain production measures to continue operating. Additionally, some alumina plants in northern China may be constrained by routine maintenance plans in 4Q25, which may affect near-term supply. However, we expect this to be offset by alumina production ex-China, which should maintain the surplus condition, coupled with the high stock levels.

Figure 13: Alumina prices have declined 54% YoY



Source: Bloomberg

Figure 14: Global alumina production ('000 tonnes)



Source: Bloomberg

Valuation & Recommendation

We maintain our BUY call, with a new MYR8.50 TP (from MYR7.30), 15% upside and c.1% FY26F yield, based on our DCF-methodology. Our TP implies a 25x FY26F P/E, at +1.5SD from the counter’s 3-year mean. We think the premium is justified, given the multi-year high aluminium and stable alumina prices, translating to an appealing alumina-to-aluminium cost ratio. We highlight that PMAH is currently trading at 22x FY26F P/E (within the 3-year average), and the stock once traded at +2SD in May-Jun 2024, when the aluminium-to-alumina cost ratio was 15-17%. If we go back to when aluminium prices were above USD3,000/tonne (in Apr 2022), the cost ratio was 12-15% and PMAH traded at +1.5SD, with net margins ranging between 9-11%. As such, we believe there is more upside to the stock at this juncture, on top of its robust earnings growth in FY26F (PATAMI margin: 16.5%).

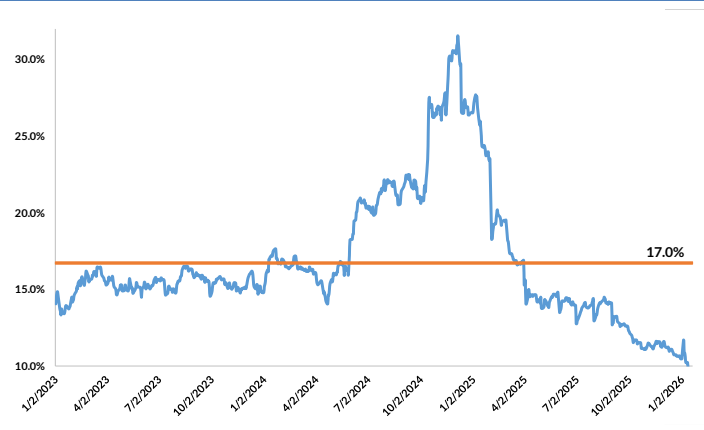
Changes to estimates. We now revise our FY26-27 aluminium LME assumptions to USD2,950/tonne and USD2,850/tonne, from USD2,700/tonne. While there may be more upside to our assumptions as the current momentum of USD3,000–3,100/tonne is likely to sustain in the near term, we prefer to be more conservative in our forecasts. We have taken into account: i) The Mozambique smelter resuming operations, and ii) faster-than-expected recovery from Iceland’s smelter. We also adjusted our alumina prices down to USD360/tonne in FY26F and USD350/tonne in FY27F from USD370 and USD375. We have also taken into consideration our latest in-house USD/MYR assumptions. For FY25F, we have imputed the 2025 average price of aluminium, alumina, and carbon anode. Hence, we lift our FY25F earnings by 4.5% and increase our FY26-27 forecasts by 17% and 19%. Our FY25-27 estimates are now 4-16% higher than consensus’ forecasts.

Figure 15: PMAH’s 3-year valuation



Source: Bloomberg
Note: the P/E band reflects consensus’ forecasts

Figure 16: Aluminium-to-alumina cost ratio is now at 10% (vs 11% last month and a 3-year average of 17%)



Source: Company data

Figure 17: Key assumptions

	FY25*			FY26F			FY27F		
	New	Old	Var	New	Old	Var	New	Old	Var
Aluminium ASP (USD)	2,631	2,631	0.0%	2,950	2700	9.3%	2,850	2700	5.6%
Alumina cost (USD/tonne)	391	391	0.0%	360	370	-2.7%	350	375	-6.7%
Carbon anode cost (CNY/tonne)	4,816	4,816	0.0%	4,650	4650	0.0%	4,550	4,550	0.0%

Note: *Actual 2025 Bloomberg figures
Source: RHB

Figure 18: Aluminium vs alumina price trends

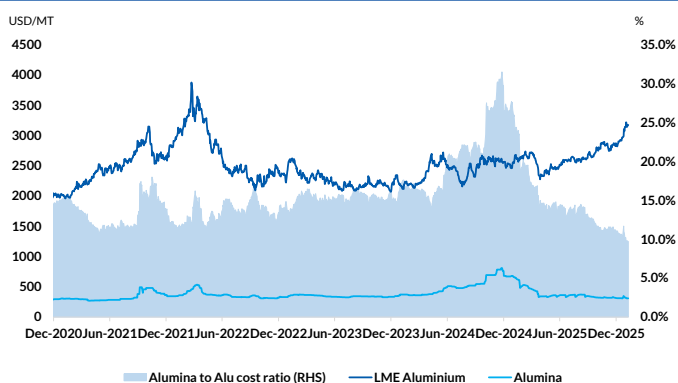
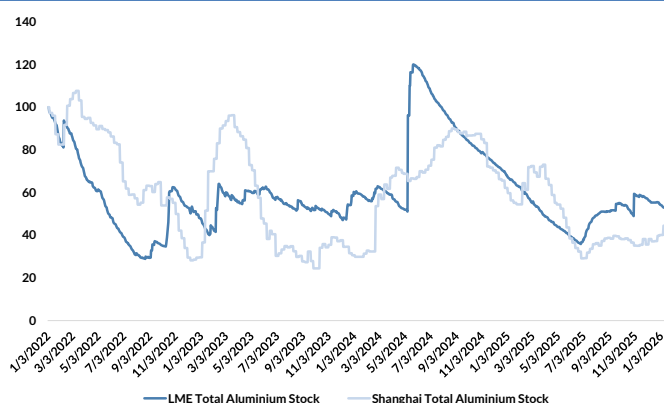


Figure 19: LME aluminium inventory has fallen 20% YoY



Source: Bloomberg

Source: Bloomberg

Figure 20: DCF valuation

FYE Dec (MYRm)	FY25F	FY26F	FY27F	FY28F	FY29F	FY30F	FY31F	FY32F	FY33F	FY34F	FY35F	Terminal
NOPAT	2,330	3,160	3,152	3,027	3,016	3,001	3,000	2,994	2,972	2,951	2,938	
+ D&A	769	825	864	902	938	973	1,007	1,039	1,070	1,100	1,129	
- Change in NWC	(194)	(69)	49	(32)	(1)	4	2	2	(0)	(0)	(2)	
- Capex	(844)	(852)	(861)	(869)	(878)	(887)	(896)	(905)	(914)	(923)	(932)	
Free cash flow to firm (FCFF)	2,062	3,065	3,204	3,028	3,075	3,092	3,113	3,130	3,128	3,129	3,134	80,985
Discount factor	0.98	0.92	0.86	0.81	0.76	0.71	0.67	0.63	0.59	0.55	0.52	0.52
PV of FCFF	2,022	2,820	2,765	2,451	2,335	2,202	2,080	1,962	1,839	1,725	1,621	41,887
Risk-free	3%											
WACC	7%											
Terminal growth	2%											
Enterprise Value (MYR m)	65,709											
+ Cash	2,261											
- Debt	-3,371											
- MI	-2,241											
+ 'JV/Associates												
JAA (20x FY23 P/E)	1,035											
PMBT (PMAH 18% stakes)	538											
Sunstone (20x FY23 P/E)	819											
Equity Value (MYR m)	64,751											
No of shares (m)	8,240											
Intrinsic value (MYR)	7.86											
ESG discount/premium	0.63											
TP	8.49											

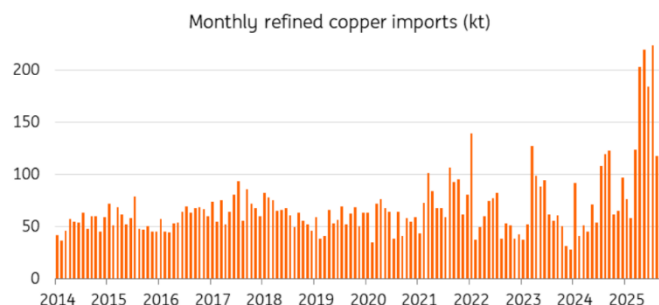
Source: RHB

Key risks

Declining copper prices. Since copper and aluminium are closely related, if copper prices begin to slow down, aluminium prices may react in the same direction. A key risk from this is the potential pullback of tariffs on refined copper. As a result of Liberation Day, traders have imported large amounts of copper into the US to front-run potential tariffs, raising US refined copper imports by over 50% in Jan-Aug 2025. This led to a surge of COMEX's copper inventories to an all-time high. The risk of similar tariffs being reinstated continues to support the upward momentum of COMEX prices.

Figure 21: US refined copper imports were up more than 50% in Jan-August 2025

Figure 22: COMEX copper inventories



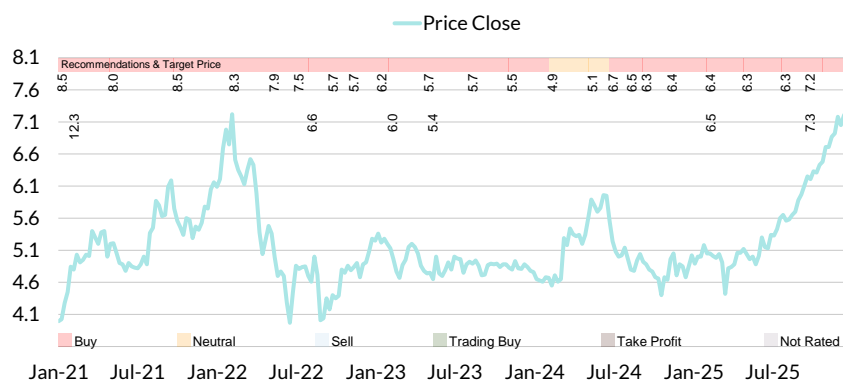
Source: COMEX

Source: COMEX

If Trump decides against imposing tariffs on refined copper, we may see similar volumes flow back into ex-US markets, pushing the US prices lower and increasing the supply of global inventories. Additionally, we are also wary on the risks of pullbacks from the US market amid AI-bubble fears, with signs including elevated valuations and rapid debt expansion, which could lower potential capex plans for the big tech companies. This may lead to a contraction in demand for copper, bringing prices down.

Faster-than-expected Indonesian supply growth. Recall that China has been planning to expand production in Indonesia by 1.5-2m tonnes in 2026-2027. However, we believe the planned capacity may be slightly delayed due to limited power supply – hence, we assume the supply to rise 500-700k instead for 2026. However, if China succeeds in ramping up its production to the initially planned capacity, it poses a downside risk to aluminium prices. Additionally, China just posted a record aluminium output of 45.02m tonnes (+2.4% YoY) – above the 45m production cap. This suggests that most domestic smelters operated at higher-than-expected utilisation rates in 2025. If the smelters continue operating at this level, we might see 2026 output rising to above 45m tonnes – pushing aluminium prices lower.

Recommendation Chart



Source: RHB, Bloomberg

Date	Recommendation	Target Price	Price
2025-11-20	Buy	7.3	6.5
2025-11-16	Buy	7.2	6.4
2025-08-18	Buy	6.3	5.6
2025-05-23	Buy	6.3	5.1
2025-02-28	Buy	6.5	5.1
2025-02-27	Buy	6.4	5.3
2024-12-01	Buy	6.4	4.6
2024-10-03	Buy	6.3	5.0
2024-08-30	Buy	6.5	5.0
2024-07-18	Buy	6.7	5.5
2024-05-31	Neutral	5.1	5.6
2024-02-29	Neutral	4.9	4.7
2023-11-29	Buy	5.5	4.9
2023-08-30	Buy	5.7	4.9
2023-05-31	Buy	5.4	4.6

Source: RHB, Bloomberg

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