

weekly investment focus

The flexiweekly that reaches new heights - published on 12 January 2026

"THE COPPER CRUNCH AND THE WALL OF MEMORY"

- Even when the economic cycle is unfavourable, opportunities exist
- This is particularly true when a technological revolution is underway
- The deployment of artificial intelligence requires copper and RAM
- Companies in these two sectors will not be affected by the crisis

CHART OF THE WEEK: "After copper, RAM is breaking free from the cycle"



FINANCIAL MARKETS ANALYSIS

Investors are accustomed to adjusting their asset allocation to the economic cycle... and rightly so (see Outlook 2026). When growth slows, they reduce their exposure to equities and credit because corporate earnings will be disappointing. Conversely, when economic activity accelerates, they increase the weighting of risky assets in their portfolios. This rational approach is based on a historical understanding of cyclicity, which has proven its effectiveness. **However, during major technological revolutions, it may be necessary to supplement this approach and analyse the trajectory of profits through an additional lens.** Certain structural themes are so powerful that they escape the cyclicity of gross domestic product.

The anxiety index published by the Federal Reserve Bank of Philadelphia is one of the most effective tools for understanding economic dynamics and the risk of recession. This barometer, compiled from a survey of professional forecasters, measures the average probability of a contraction in activity in the following quarter. At 24% recently, the index is sending a message of great caution for the first quarter of 2026 (see Fig. 2). Historically, such a level of probability has always preceded a deterioration in financing conditions, a moderation in final consumption and, ultimately, a sharp slowdown in US growth. This anxiety among economists has recently been reinforced by tangible data, such as a decline in order books (see Fig. 3) and a rise in the unemployment rate to 4.6%. It would therefore come as no surprise if the next publication of the anxiety index in February showed a 35% probability of recession.

Fig. 2 – Anxiety index and GDP growth

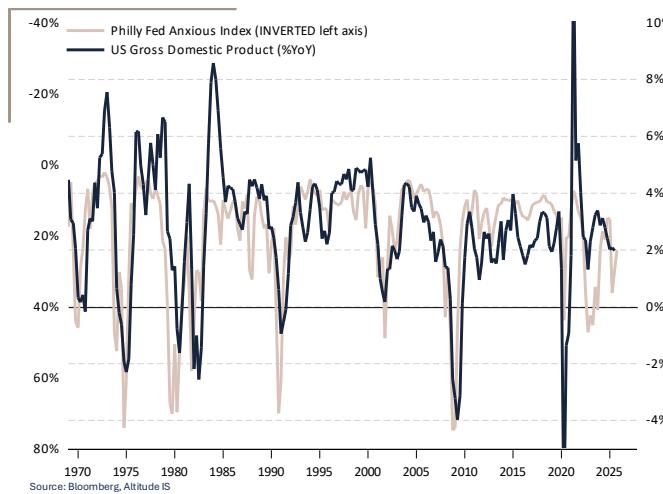
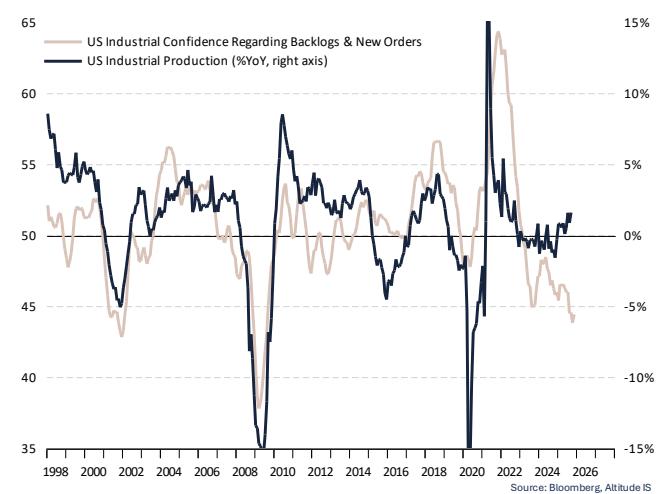


Fig. 3 – Order books and production



Despite the clear slowdown in global economic momentum, particularly in the United States, certain industrial components such as **copper and computer memory are benefiting and will continue to benefit from strong momentum** (see Chart of the Week). Let's be clear: it would be a mistake to rely on the surge in their respective prices to predict an economic rebound, since something is not working as usual. Since 2023, copper and computer memory have been decoupled from the economic cycle. They meet the structural needs of governments, businesses and households in terms of electricity and artificial intelligence (AI). **This structural transformation of the economy presents investors with a paradox, where warning signs of a recession coexist with a surge in the price of certain critical resources.**

Copper retains its status as a barometer of global industrial activity due to its use in construction and capital goods. As such, rising economic anxiety is logically weighing on demand and copper prices. **However, this negative factor is more than offset by purely structural demand.** The need for electrification has literally skyrocketed, initially with the deployment of wind turbines, solar panels and electric vehicles, but especially with the more recent deployment of AI. The proliferation of data centres required for AI deployment is driving unprecedented densification of electrical infrastructure and cooling systems, of which copper is an essential component. Given that it takes more than a decade to bring new copper deposits into production, **the market is facing a shortage that makes the price of copper inelastic to the slowdown in the global economic cycle.**

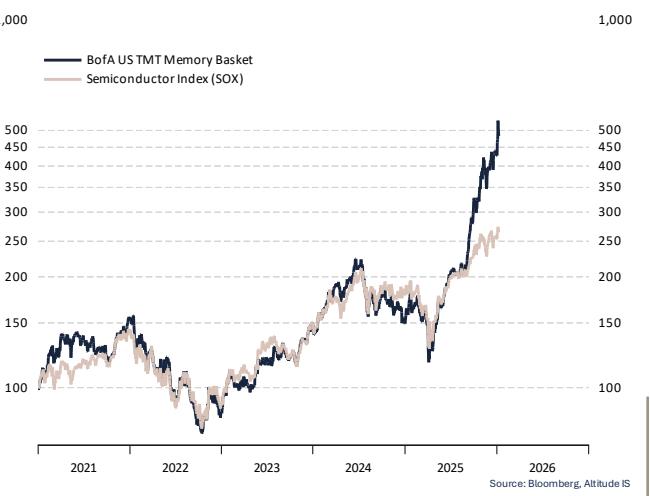
In 2026, investors will continue to select companies that are able to capture this scarcity rent and have strong balance sheets. In the mining sector, Freeport McMoRan and Southern Copper are sure to emerge

as key players in the electrification theme. Antofagasta and Lundin Mining will offer attractive alternatives, while Ivanhoe Mines will represent a pure growth option thanks to the exceptional grade of its deposits. Finally, the copper mining ETF will provide broad sector exposure (see Fig. 4).

Fig. 4 – Performance of copper mining companies



Fig. 5 – Performance of memory suppliers



Since 2025, scarcity has also been evident in the field of computer memory (see chart of the week). Investors have clearly understood that behind the algorithms of OpenAI, Meta and Google lies a hardware infrastructure of unprecedented density. AI is above all a question of tangible components that enable the construction and operation of gigantic data centres. These *data centres* house servers whose performance relies on integrated circuits from Nvidia (GPUs) or Google (TPUs). Most of these components are produced by the giant TSMC, which has established itself as the essential industrial partner in this revolution.

For these systems to function, data must flow uninterrupted between the various servers via Ethernet cabling or high-end optical infrastructure. At the heart of this system, random access memory (DRAM) has become a critical point of tension. As a reminder, standard RAM (DDR4 or DDR5), found in a conventional computer or smartphone, is unable to keep up with the speed of new processors. To meet this need, manufacturers are producing ultra-high-performance memory consisting of vertically stacked chips (HBM). However, manufacturing an HBM chip consumes about three times more silicon and requires significantly more industrial capacity than a conventional chip. **As the production capacity of their factories cannot be expanded, the giants of the sector** have had to make choices. Unsurprisingly, they **have sacrificed ordinary memory production lines in order to mass-produce ultra-high-performance memory, which is much more lucrative.**

This phenomenon, linked to the AI revolution, has an impact on the entire production chain. It benefits not only chip manufacturers but also data storage specialists such as Seagate, Western Digital and Sandisk, as the need for massive information storage is growing exponentially with AI. The increasing complexity of chips is restoring a central role to cutting-edge equipment manufacturers. With traditional miniaturisation reaching its limits, they are now seeking to manufacture 3D memories and next-generation processors. To do this, foundries are investing heavily in extremely sophisticated lithography machines. ASML occupies a monopoly position here, as its exclusive technology (EUV lithography) is essential for etching circuits at the nanometre scale.



Other players such as Applied Materials, Lam Research and Tokyo Electron are also benefiting from this situation. These companies supply the deposition and etching tools needed to build the vertical structures of modern memory chips. **This technological complexity constitutes a very high barrier to entry. It offers investors highly profitable exposure** (see Fig. 5) and, ironically, is less highly valued than that of chip designers as a whole, at 36x versus 46x future earnings.

Finally, the production of these components depends on a high-quality chemical and gas supply chain. To operate, semiconductor factories consume large quantities of very pure gases, supplied by leaders such as Air Liquide, Linde and Messer. **Precision manufacturing requires polishing materials and chemicals** developed by recognised groups such as DuPont, 3M and Cabot. These upstream industrial companies offer a relatively protected risk profile, as they are essential to the manufacturing process.

Conclusion:

The anxiety index confirms that the economic cycle is slowing down and that vigilance is required for asset management in 2026. However, in the copper and RAM sectors, electrification and the deployment of AI will continue to cause an imbalance between supply and demand. This scarcity will allow prices to remain high and promote earnings growth for the companies concerned.



RETURN ON FINANCIAL ASSETS

Markets Performances (local currencies)	Last Price	Momentum Indicator (RSI)	1-Week (%)	1-Month (%)	2026 Year-to-Date (%)	2025 (%)	2024 (%)
Equities							
World (MSCI)	1 034.9	66.14	1.5%	2.9%	2.0%	22.9%	18.0%
USA (S&P 500)	6 966	61.74	1.6%	1.9%	1.8%	17.9%	25.0%
USA (Dow Jones)	49 504	64.79	2.3%	4.2%	3.0%	14.9%	15.0%
USA (Nasdaq)	23 671	58.31	1.9%	0.4%	1.9%	21.2%	29.6%
Euro Area (DJ EuroStoxx)	631.9	78.56	2.3%	5.0%	3.2%	21.2%	10.2%
UK (FTSE 100)	10 125	70.70	1.8%	5.1%	2.0%	25.7%	9.6%
Switzerland (SMI)	13 422	80.58	1.2%	3.8%	n.a.	18.0%	7.5%
Japan (Nikkei)	51 940	59.23	3.2%	2.6%	n.a.	28.6%	21.3%
Emerging (MSCI)	1 452	69.99	1.6%	5.5%	3.4%	34.3%	8.0%
Brasil (IBOVESPA)	163 370	61.82	1.8%	3.4%	1.4%	34.0%	-10.4%
Mexico (IPC)	66 063	64.06	3.0%	3.8%	2.7%	35.1%	-11.0%
India (SENSEX)	83 633	36.01	-2.5%	-1.3%	-1.9%	10.5%	9.6%
China (CSI)	4 790	63.38	2.8%	3.7%	n.a.	21.0%	18.2%
Com. Services (MSCI World)	166.7	63.70	1.4%	1.2%	1.5%	33.0%	31.9%
Cons. Discretionary (MSCI World)	472.7	65.90	3.7%	4.5%	3.3%	9.8%	20.7%
Cons. Staples (MSCI World)	291.7	54.67	0.7%	1.5%	0.6%	9.3%	4.7%
Energy (MSCI World)	268.7	57.11	-0.1%	1.4%	1.6%	14.8%	2.9%
Financials (MSCI World)	229.0	62.76	0.7%	4.9%	1.3%	29.5%	25.1%
Health Care (MSCI World)	403.9	63.49	1.9%	5.3%	2.3%	15.3%	1.5%
Industrials (MSCI World)	488.2	72.24	3.1%	6.1%	4.6%	26.1%	12.8%
Info. Tech. (MSCI World)	978.4	55.17	0.8%	-0.6%	1.2%	26.6%	31.9%
Materials (MSCI World)	413.8	74.79	3.9%	10.2%	4.7%	32.5%	-7.6%
Real Estate (MSCI World)	996	56.35	0.9%	1.6%	1.0%	3.6%	-0.4%
Utilities (MSCI World)	195.4	53.87	-0.4%	2.1%	0.9%	24.7%	13.0%
Bonds (Bloomberg)							
World (Aggregate)	3.52%	50.62	0.0%	0.7%	-0.2%	8.2%	-1.7%
USA (Sovereign)	3.93%	52.43	0.2%	0.5%	0.0%	6.3%	0.6%
Euro Area (Sovereign)	2.91%	56.35	0.6%	0.5%	0.3%	0.6%	1.9%
Germany (Sovereign)	2.58%	52.72	0.5%	0.3%	0.2%	-1.6%	0.6%
UK (Sovereign)	4.36%	68.59	1.2%	1.4%	0.8%	6.1%	-3.0%
Switzerland (Sovereign)	0.51%	44.47	0.1%	-0.1%	0.1%	0.3%	5.4%
Japan (Sovereign)	1.84%	37.52	0.0%	-0.7%	0.0%	-4.6%	-2.1%
Emerging (Sovereign)	5.94%	56.14	-0.2%	0.5%	-0.1%	13.1%	7.0%
USA (IG Corp.)	4.84%	55.45	0.1%	0.7%	0.1%	7.8%	2.1%
Euro Area (IG Corp.)	3.20%	63.13	0.3%	0.5%	0.3%	3.0%	4.7%
Emerging (IG Corp.)	5.73%	76.07	0.1%	0.7%	0.3%	8.1%	7.0%
USA (HY Corp.)	6.47%	82.86	0.2%	1.0%	0.4%	8.6%	8.2%
Euro Area (HY Corp.)	5.37%	89.65	0.3%	0.8%	0.5%	5.2%	8.2%
Emerging (HY Corp.)	7.17%	68.69	0.0%	1.0%	0.1%	13.9%	14.9%
World (Convertibles)	556.9	66.04	1.9%	2.9%	3.4%	22.4%	9.4%
USA (Convertibles)	724.1	60.32	1.8%	1.8%	3.5%	16.9%	10.1%
Euro Area (Convertibles)	297.1	87.21	1.9%	2.9%	2.2%	24.8%	14.7%
Switzerland (Convertibles)	284.0	68.60	0.2%	2.5%	0.4%	17.5%	10.5%
Japan (Convertibles)	264.2	72.11	2.4%	2.9%	2.4%	13.8%	6.4%
Hedge Funds (Bloomberg)							
Hedge Funds Industry	1 805	90.47	n.a.	0.9%	n.a.	12.1%	11.1%
Macro	1 467	81.52	n.a.	1.1%	n.a.	9.3%	7.4%
Equity Long Only	2 486	82.20	n.a.	1.6%	n.a.	12.4%	12.0%
Equity Long/Short	1 961	90.51	n.a.	1.0%	n.a.	17.0%	14.0%
Event Driven	1 907	88.73	n.a.	0.6%	n.a.	10.5%	8.7%
Fundamental Equity Mkt Neutral	1 859	97.00	n.a.	0.9%	n.a.	12.6%	12.4%
Quantitative Equity Mkt Neutral	1 817	86.59	n.a.	1.0%	n.a.	9.2%	9.8%
Credit	1 718	98.80	n.a.	0.6%	n.a.	7.6%	8.5%
Credit Long/Short	1 725	100.00	n.a.	0.2%	n.a.	5.9%	10.0%
Commodity	1 965	83.40	n.a.	-0.7%	n.a.	9.8%	14.7%
Commodity Trading Advisors	1 425	68.65	n.a.	2.2%	n.a.	6.2%	7.9%
Volatility							
VIX	14.49	43.57	-0.1%	-14.4%	-3.1%	-13.8%	39.4%
VSTOXX	15.51	46.34	1.8%	-3.8%	5.4%	-13.5%	25.3%
Commodities							
Commodities (CRB)	542.3	n.a.	0.7%	0.3%	0.5%	0.6%	5.1%
Gold (Troy Ounce)	4 587	n.a.	3.1%	6.7%	6.2%	64.6%	27.2%
Silver (Troy Ounce)	84.21	n.a.	10.0%	35.9%	17.5%	148.0%	21.5%
Oil (WTI, Barrel)	59.12	n.a.	3.1%	1.5%	3.0%	-19.9%	0.1%
Oil (Brent, Barrel)	65.32	n.a.	7.3%	4.0%	4.6%	-15.7%	-4.6%
Currencies (vs USD)							
USD (Dollar Index)	98.83	53.71	0.6%	0.4%	0.5%	-9.4%	7.1%
EUR	1.1680	46.28	-0.4%	-0.5%	-0.6%	13.4%	-6.2%
JPY	157.86	37.23	-0.9%	-1.3%	-0.7%	0.3%	-10.3%
GBP	1.3441	52.52	-0.7%	0.5%	-0.3%	7.7%	-1.7%
AUD	0.6705	58.46	-0.1%	0.8%	0.5%	7.8%	-9.2%
CAD	1.3879	40.86	-0.8%	-0.8%	-1.1%	4.8%	-7.9%
CHF	0.7965	48.52	-0.6%	-0.1%	-0.5%	14.5%	-7.3%
CNY	6.9746	83.42	0.2%	1.2%	0.2%	4.5%	-2.7%
MXN	17.933	60.29	-0.1%	0.4%	0.4%	15.7%	18.5%
EM (Emerging Index)	1 850.2	61.69	-0.2%	0.7%	-0.1%	7.2%	-0.7%
XBT	91 278	n.a.	0.3%	1.2%	4.1%	-6.5%	120.5%

Source: Bloomberg, Altitude Investment Solutions

Total Return by asset class (Negative \ Positive Performance)



DISCLAIMER

This document is issued by Altitude Investment Solutions (hereinafter "Altitude IS"). It is not intended for distribution, publication, or use in any jurisdiction where such distribution, publication, or use would be unlawful, nor is it aimed at any person or entity to whom it would be unlawful to address such a document.

This document is provided for information purposes only. It does not constitute an offer or a recommendation to subscribe to, purchase, sell or hold any security or financial instrument. It contains the opinions of Altitude IS, as at the date of issue. These opinions and the information herein contained do not take into account an individual's specific circumstances, objectives, or needs. No representation is made that any investment or strategy is suitable or appropriate to individual circumstances or that any investment or strategy constitutes a personal recommendation to any investor. Each investor must make his/her own independent decisions regarding any securities or financial instruments mentioned herein. Tax treatment depends on the individual circumstances of each client and may be subject to change in the future. Altitude IS does not provide tax advice. Therefore, you must verify the above and all other information provided in the document or otherwise review it with your external tax advisors.

Investments are subject to a variety of risks. Before entering into any transaction, an investor should consult his/her investment advisor and, where necessary, obtain independent professional advice in respect of risks, as well as any legal, regulatory, credit, tax, and accounting consequences. The information and analysis contained herein are based on sources considered to be reliable. However, Altitude IS does not guarantee the timeliness, accuracy, or completeness of the information contained in this document, nor does it accept any liability for any loss or damage resulting from its use. All information and opinions as well as the prices, market valuations and calculations indicated herein may change without notice. Past performance is no guarantee of current or future returns, and the investor may receive back less than he invested. The investments mentioned in this document may carry risks that are difficult to quantify and integrate into an investment assessment. In general, products such as equities, bonds, securities lending, forex, or money market instruments bear risks, which are higher in the case of derivative, structured, and private equity products; these are aimed solely at investors who are able to understand their nature and characteristics and to bear their associated risks. On request, Altitude IS will be pleased to provide investors with more detailed information concerning risks associated with given instruments.

The value of any investment in a currency other than the base currency of a portfolio is subject to the foreign exchange rates. These rates may fluctuate and adversely affect the value of the investment when it is realized and converted back into the investor's base currency. The liquidity of an investment is subject to supply and demand. Some products may not have a well-established secondary market or in extreme market conditions may be difficult to value, resulting in price volatility and making it difficult to obtain a price to dispose of the asset. If opinions from financial analysts are contained herein, such analysts attest that all of the opinions expressed accurately reflect their personal views about any given instruments. In order to ensure their independence, financial analysts are expressly prohibited from owning any securities that belong to the research universe they cover. Altitude IS may hold positions in securities as referred to in this document for and on behalf of its clients and/or such securities may be included in the portfolios of investment funds as managed by Altitude IS.

