Connectedness Dynamics between Rare Earth Metals and Financial Market in China

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ABSTRACT

China dominates global rare earth metal (REM) production and processing, making its financial and policy environment a key driver of global REM market dynamics. Yet despite extensive empirical work on volatility spillovers, the mechanisms through which REM–financial market linkages evolve over time and across market states remain poorly understood. Existing literature lacks an integrated framework that simultaneously captures time-varying dynamics, distributional heterogeneity, and nonlinear policy-dependent effects — particularly the transition from weak short-term to stronger long-term linkages under China-based economic policy uncertainty (CBEPU). This study addresses these gaps through a multi-method framework integrating Wavelet Geometric Quantile Correlation (WGQC), Wavelet Quantile Regression (WQR), and quantile-based distributional diagnostics.

JEL Codes:

Keywords: connectedness, rare earth metals, spillovers, uncertainty.