

FIS Aluminium Premiums

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Good morning,

Wednesday was quieter on the premiums, with six trades clearing on the CME block.

Activity was predominantly focused on the Midwest contract, specifically '23 periods. Nov-Dec22 traded through our 26.25 offer at 26.50 in 90x, with selling cares on the follow. 2H23 printed twice at 26.63 in 40-80x and was offered on at this level. The full Cal strip traded at 26.15 in 15x and immediately up at 26.50 in 50x.

On the euro premiums, only the duty unpaid traded. Q422 duty paid was bid at 360 in 14x and there was cares to borrow Q4 EDP vs AEP but no offers were seen. On the duty unpaid, Jan-Feb23 printed at 270 in 28x, with Mar-June offered at 255 in 20x but not trading.

LME Aluminium edged higher in London, with a worsening demand outlook countering supply cuts brought on by the energy crisis. Prices rose after aluminium producer Speira GmbH said it is considering cutting production at its German smelter to 50% of total capacity, as surging energy costs squeeze power-intensive industries across Europe. The energy crisis already cut half the region's aluminium and zinc production capacity in the past year. At odds with this, a raft of economic data pointed to weakening activity across the US, Asia and Europe, with manufacturers and consumers feeling the pinch from high inflation and rising borrowing costs. In China, the country continued rolling out measures to ease a prolonged property crisis, while a power crunch disrupted metal production as aluminium smelters in Sichuan province were shuttered. "Sky-high electricity prices in Europe and drought conditions in China are causing smelter closures in the aluminium market, providing some support to prices," Carsten Menke, head of next-generation research at Julius Baer, said in an emailed note.

Wednesday's Trades:

AUP

Nov-Dec22 AUP @ 26.50 90x

2H23 AUP @ 26.63 50-80x, 40-70x

Cal23 @ 26.15 15x, 26.63 50x

AEP

Jan-Feb23 @ 270 28x

AUP Curve	Bid	Offer	Val
Aug	25.80	26.00	25.90
Sep	26.00	26.20	26.10
Q422	26.20	26.50	26.35
1H23	26.30	26.45	26.38
Cal23	26.45	26.60	26.53

AEP Curve	Bid	Offer	Val
Aug	430	440	435
Sep	415	425	420
Q422	285	295	290
1H23	250	265	258
Cal23	220	245	233

EDP Curve	Bid	Offer	Val
Aug	520	540	530
Sep	425	440	433
Q422	360	380	370
1H23	320	330	325
Cal23	305	315	310