

FIS Aluminium Premiums

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Good morning,

Wednesday saw nine premiums trades clear on the CME block.

The majority of activity was for the Midwest premium contract. On the front end, Q422 printed a 22.00 in 50x with selling cares on the follow. Further out, Q123 printed 21.75 in 40x and March at the same level in 40x—the full Cal strip then traded at 21.75 in 10x and was later bid and hit at 21.50 in another 10x. Q323 printed 22.25 in 15x and later Jul-Aug23 was bid and hit down at 21.50 30x. Cal23 was left 21.25/21.75 in 20x on the follow but did not trade again.

On the euro premiums, activity remained concentrated on the duty paid contract. Apr-Dec23 printed twice at 260 in 15x and 5x respectively. There was indicative buying interest for Q123 AEP in 100x but no firm levels were seen.

Global aluminium output could rise 2% in 2023, faster than 1% growth in demand, BI's scenario analysis suggests, turning the global market to supply surplus from a deficit in 2022. High relative US interest rates are strengthening the dollar, pressuring dollar-based aluminium prices, which could fall 8% next year, consensus shows. Resumption of suspended capacity and commissioning of new projects will likely drive global aluminium output to rise 2% next year, pressuring aluminium prices. Global markets could turn to surplus from a supply deficit, though European energy dynamics and the war in Ukraine add uncertainty. Consensus' average 2023 price of \$2,570 a ton as of Sept. 28 is 8% lower than the 2022 consensus estimate. (source, Bloomberg).

Wednesday Trades:

AUP

Q422 @ 22.00 50x
 Q123 @ 21.75 40x
 Mar23 @ 21.75 40x
 Jul-Aug23 @ 21.50 30x
 Q323 @ 22.25 15x
 Cal23 @ 21.75 10x, 21.50 10x

AUP Curve	Bid	Offer	Val
Sep-22	24.00	24.50	24.25
Q422	21.80	22.10	21.95
Q123	21.65	21.80	21.73
Q223	21.55	21.70	21.63
Q323	21.40	21.55	21.48
Q423	21.20	21.35	21.28
Cal23	21.45	21.60	21.53

EDP

Apr-Dec23 @ 260 15x, 5x

AEP	Bid	Offer	Val
Sep-22	340	365	353
Q422	250	265	258
Q123	230	255	243
Q223	215	230	223
Q323	205	220	213
Q423	195	210	203
Cal23	210	225	218

EDP	Bid	Offer	Val
Sep-22	420	440	430
Q422	305	315	310
Q123	260	275	268
Q223	250	265	258
Q323	240	255	248
Q423	220	245	233
Cal23	240	260	250

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