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Copper declined amid small moves in broader financial markets as traders braced for interest-rate policy decisions from major central banks this week.

Federal Reserve officials are widely expected to keep rates on hold Wednesday, and traders will be focused on the so-called dot plot summary of economic projections. The two main questions are whether policymakers will retain forecasts for one more 25 basis-point hike by year-end — and how much easing they are penciling in for 2024. In June, they projected 1 percentage point of cuts.

Copper on the London Metal Exchange fell 0.6% to \$8,359 a metric ton as of 10:50 a.m. in New York. (Bloomberg).

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Goldman Sachs Group Inc. cut its price targets for aluminum for this year and next on weak ex-China demand.

Outlook for 2023 reduced to \$2,300/ton vs \$2,431 previously, and \$2,500/ton for 2024 vs \$3,000

The bank's 3/6/12 month targets are \$2,300/ton, \$2,400, \$2,600

NOTE: Metal traded at \$2,217/ton on LME on Tuesday; YTD average of ~\$2,312

Global deficit seen 634kt this year vs 997kt projected in June; that reflects 1.1m ton deficit in China vs 450kt surplus ex-China

The main adjustment for the supply-demand balance has come from a sustained downgrade to ex-China demand expectations

Still in China, the solar sector has been at heart of demand strength, and that trend will continue into 2024, supported by strong margins

China's net aluminum imports may rise to 120kt-150kt/month for the rest of this year on demand driven by the green economy and reinforced by property completions

Demand from green sectors seen +40% y/y to 5.5m tons this year, or 8% of global consumption; that could rise 4m tons 2024-2027, accounting for 60% of global demand growth (Bloomberg)

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	8,330	R1	8,372	Stochastic oversold	RSI below 50
S2	8,296	R2	8,383		
S3	8,268	R3	8,409		

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (43)
- Price is below the daily pivot point USD 8,383
- Stochastic is oversold
- Technically bullish yesterday, we had a neutral bias due to the pullback, meaning the probability of the futures trading to a new high has decreased. the Longer-term technical (Elliott wave) looked to be bearish neutral with price in a large symmetrical triangle. The futures continued to move lower with price breaking the USD 8,351 fractal support, meaning the intraday technical is now bearish. Price is below the EMA support band with the RSI below 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above 8,383 with the RSI at or above 53 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 8,409 will leave the futures vulnerable to further tests to the downside, above this level the USD 8,455 fractal high becomes vulnerable.
- Technically bearish, the MA on the RSI would suggest that momentum is weak whilst the RSI has made a new low, warning that upside moves have the potential to be countertrend at this point. A move above USD 8,409 would be deep into the last bear wave, warning that the probability of the futures trading to a new low will decrease.

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,208	R1	2,217	RSI above 50	
S2	2,197	R2			
S3	2,183	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is below 50 (54)
- Stochastic is above 50
- Price is above the daily pivot point USD 2,208
- Technically bearish yesterday, the MA on the RSI was turning lower, implying momentum was weakening whilst the RSI had made a new low, suggesting upside moves had the potential to be countertrend. The futures have moved higher with price breaching the USD 2,220 resistance meaning the technical although bearish now has a neutral bias. Price is above the EMA support band with the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 2,208 with the RSI at or below 49.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 2,197 will support a near-term bull argument, below this level the technical will be considered as bearish again, meaning the USD 2,185 fractal low will be vulnerable.
- Technically bearish with a neutral bias, we now have a conflicting technical. The upside move above USD 2,220 means that the probability of the futures trading to a new low has decreased. However, the MA on the RSI continues to suggest that momentum is weak whilst the RSI has recently made a new low, implying that the current upside move is potentially as countertrend. Although we have a deep pullback we are cautious on this upside move as momentum would suggest we could see another move lower, making USD 2,197 the key support to follow.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,496	R1	2,523	RSI above 50	
S2	2,469	R2			
S3	2,435	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (52)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,531
- Technically bullish with a neutral bias, we had conflicting momentum indicators in play yesterday. The MA on the RSI suggested that momentum was weak, but the RSI was above 50 with the stochastic in oversold territory, if the RSI held above 50 then momentum warned that we could move higher. Likewise, the move higher from mid-August had lower timeframe momentum (168 min chart) in bullish territory, but the 33 min momentum chart had a negative divergence. The conflict suggested neutrality; however, we noted that the Elliott wave cycle had upside moves as countertrend (dating back to the 25/05/23) making me wonder if this was just a very large double 3 corrective pattern higher (speculative, not investment advice). We had a neutral view but were cautious on upside moves, as the longer-term pattern analysis did not look like it was bullish impulse. The futures had a small move higher before selling lower on the Asian open, meaning price is back at yesterday's levels. Price is above the EMA support band with the RSI above 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 2,531 with the RSI at or above 60 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 2,565 will support a bull argument, above this level the USD 2,595 fractal high will be vulnerable.
- We remain bullish with a neutral bias with momentum continuing to conflict. The deep pullback on the negative divergence (33 min chart) continues to suggest caution on upside moves at this point. Downside moves above USD 2,469 will create a lower low and be considered as bearish, whilst a close above USD 2,541.5 will warn that momentum based on price is starting to strengthen, as this would be above the high of the last dominant bear candle.

Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	19,707	R1	19,855	Stochastic oversold	RSI below 50
S2	19,502	R2			
S3	19,211	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (43)
- Stochastic is oversold
- Price is below the daily pivot point USD 19,945
- Technically bearish yesterday, we had not foreseen the move lower back into bearish territory, as the downside cycle looked like it had completed. For this reason, although bearish, we had a neutral bias, as the technical and the wave cycle were conflicting. Having found light bid support in the morning session yesterday the futures sold lower into the close and on the Asian open. Price is below the EMA resistance band with the RSI below 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 19,945 with the RSI at or above 47.5 will mean price and momentum are aligned to the buy side. Upside moves that fail at or below USD 20,294 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically unchanged (bearish) as the wave cycle looked like it had completed, but momentum remains weak. For this reason, we maintain a neutral bias until there is more clarity on the technical.

Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,202	R1	2,248	RSI above 50	
S2	2,187	R2	2,264		
S3	2,166	R3	2,277		

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (51)
- Stochastic is below 50
- Price is below the daily pivot point USD 2,248
- Technically unchanged yesterday, we remained bullish with the upside moves suggesting that resistance levels were vulnerable. The futures sold lower with price now testing the EMA support band, the RSI is above 50 but price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 2,248 with the RSI at or above 58 will mean price and momentum are aligned to the buy side. Downside moves that hold at or above USD 2,187 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the MA on the RSI is now flat, meaning momentum is turning neutral due to the move lower yesterday. However, our intraday Elliott wave analysis continues to suggest downside moves should be considered as countertrend, making USD 2,187 is the key support to follow. Below this level the pullback will be considered as deep, meaning the probability of the futures trading to a new high will have decreased.

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