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Aluminum prices should decline by at least 6% over the next six months as supply returns to the market and high interest rates continue to crimp manufacturing demand, according to an analyst from Trafigura Group, one of the biggest traders of the metal.

“We’re looking at a very grim demand picture right now,” metals analyst Henry Van said at the CRU World Aluminum Conference in London on Wednesday. “It’s a fundamentally overdone rally.”

Three-month aluminum futures on the London Metal Exchange are up 8% so far this year, having risen recently as part of broad gains across the commodities complex. The metal is used in everything from solar panels to housing, cars and beverage cans.

Prices should revert to an earlier trading range of \$2,100 to \$2,400 per ton for commodity-grade aluminum over the next six months, Van said, citing worsening consumption, particularly outside of China.

Meanwhile, higher aluminum prices are encouraging smelters to bring back curtailed production, adding to supply.

“We have some of the highest restarts on record at the moment,” Van said.

Bloomberg News reported last Friday, citing people familiar with the matter, that Trafigura was behind the record delivery of aluminum onto the LME — total stocks doubled in a matter of days to over 1 million tons (Bloomberg)

# Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	10,257	R1	10,376	RSI above 50	
S2	10,178	R2			
S3	10,109	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- The RSI above 50 (65)
- Stochastic is above 50
- Price is above the daily pivot point USD 10,257
- Technically bullish but in a corrective phase yesterday, the RSI was below its MA whilst the average was flat, implying momentum was neutral. The futures were in divergence, but the near-term RSI was above the high from the 07/05, warning downside moves could be countertrend in the near-term, making USD 9,969 the key support to follow. Below this level the probability of the futures trading to a new high would start to decrease within this phase of the cycle, warning we could be entering a higher timeframe wave 4 (still countertrend).
- The futures found buyside support resulting in price trading to a high of USD 10,400. We are seeing further bid support on the Asian open with price above all key moving averages supported by the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 10,257 with the RSI at or below 60 will mean price and momentum are aligned to the sell side. Downside moves that hold at or below USD 10,016 will support a near-term bull argument, below this level the technical will have a neutral bias (based on price). However, the longer-term Elliott wave support is at USD 9,350, the cycle is bullish above this level and neutral below.
- Technically bullish with price testing its highs, we are still in divergence on both the RSI and stochastic. Not a sell signal, it is a warning that we have the potential to see a momentum slowdown. The MA on the RSI is indicating that momentum is neutral, whilst the longer - term Elliott wave cycle continues to suggest that downside moves should be considered as countertrend. Having seen the move to new highs that we highlighted yesterday, we are now a cautious bull at these levels.

# Aluminium Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,623	RSI above 50	Stochastic overbought
S2	R2			
S3	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is above the EMA Support band (Black EMA's)
- RSI is above 50 (63)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,586
- Unchanged on the technical yesterday, we maintained our view that downside moves look to be counter-trend with price finding support on the back of the positive divergence with the RSI. We remained cautious on downside move.
- The futures have move higher with price breaking above the trend resistance line. We are 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 2,586 with the RSI at or below 51 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 2,440 will support a bull argument, below this level the technical will have a neutral bias. Upside moves that fail at or below USD 2,626 will leave the futures vulnerable to further tests to the downside, above this level the USD 2,688 fractal resistance could be tested.
- Technically bullish, the MA on the RSI is indicating that momentum is supported with the RSI making new highs, suggesting downside moves look like they could be countertrend. The futures are now testing the USD 2,626 resistance; if broken, it will further support a buyers argument, warning that the USD 2,688 fractal high will start to look vulnerable.

# Zinc Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	3,000.5	RSI above 50	
S2	R2			
S3	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above (57)
- Stochastic is below 50
- Price is above the daily pivot point USD 2,999
- Technically bullish yesterday with the MA on the RSI continuing to suggest that momentum was supported. However, we remained in divergence with the RSI warning we had the potential to see a momentum slowdown, implying caution on upside moves. If we did enter a corrective phase but held above the USD 2,852 level, it would imply that there was underlying support in the market, warning we could see another move higher in the near-term. If broken, then the probability of the futures trading to a new high within this phase of the cycle would start to decrease.
- Having traded to a high of USD 3,054 the futures entered a corrective phase. We have held above the EMA support band with the RSI above 50, intraday price and momentum are aligned to the sell side, as the previous candle closed below the daily pivot level.
- A close on the 4-hour candle above USD 2,999 with the RSI at or below 60.5 will mean price and momentum are aligned to the buy side. Downside moves that hold at or above USD 2,858 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the MA on the RSI is flat, implying momentum is neutral. The downside move in the futures yesterday broke RSI support, warning upside moves could now struggle to hold, the futures remain in divergence. Not a sell signal it is a warning that we could see a momentum slowdown which will need to be monitored. We maintain a cautious view on upside moves, with the futures producing a rejection candle on the daily chart. A move below USD 2,858 will imply that the probability of the futures trading to a new high within this phase of the cycle will start to decrease.

# Nickel Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	19,595	RSI above 50	Stochastic overbought
S2	R2			
S3	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (61)
- Stochastic is overbought
- Price is above the daily pivot point USD 19,353
- Technically bullish yesterday, the futures were consolidating around the EMA support band whilst the MA on the RSI was flat, implying momentum was neutral. Upside moves above USD 19,505 would warn that the USD 19,775 fractal high could be tested and broken. Likewise, a close on the daily candle below the weekly pivot level (USD 19,050) would imply that sell side pressure is increasing. We maintained our view based on intraday Elliott wave analysis that downside moves looked like they could be countertrend.
- The futures held EMA support resulting in price trading above the USD 19,505 fractal resistance. The RSI is above 50 with price and momentum aligned to the buy side.
- A close on the 4-hour candle below USD 19,353 with the RSI at or below 53.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 18,336 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the MA on the RSI is indicating that momentum is support with price above both the weekly and daily pivot levels. The upside moves above USD 19,505 implies that buy side pressure is increasing, warning the USD 19,775 fractal high could be tested and broken.

# Lead Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,277.5	RSI above 50	Stochastic overbought
S2	R2			
S3	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (61)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,272
- Technically bullish yesterday, the futures were proving more resilient than the technical had suggested. The MA on the RSI continued to imply that momentum was supported, whilst the RSI was testing upper resistance, if broken, the futures would no longer be in divergence. However, when we look at the Elliott wave between time and price, our wave oscillator remained in divergence. The technical continued to suggest caution on upside moves; it could be that there is a wave extension that is either unclear, or that I am missing. However, based on the information in front of me, the technical suggests we are vulnerable to a momentum slowdown.
- The futures sold to a low of USD 2,246.5 before finding light bid support. We remain above all key moving averages with the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 2,272 with the RSI at or below 60 mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 2,213 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the RSI has broken resistance, warning downside moves could be countertrend in the near-term. However, as noted yesterday, when looking at time and price, our oscillator remains in divergence. Corrective moves that trade below USD 2,213 will warn that the probability of the futures trading to a new high will start to decrease. We maintain a cautious view on upside moves at this point.

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