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Copper surged to its highest-ever level, extending a powerful, months-long rally driven by financial investors who've piled into the market in anticipation of deepening supply shortages.

Futures on the London Metal Exchange jumped more than 4% in early Monday trading, taking copper past \$11,000 a ton for the first time. The market has seen many optimistic forecasts, and BHP Group Ltd. wants to buy rival Anglo American Plc chiefly for its copper mines. (Bloomberg)

Metals

Panicked traders are ramping up bets on industrial and precious metals as an intensifying supply squeeze grips global markets, wrong-footing bearish investors who are being forced to cover short positions.

The so-called short squeeze rocketed copper prices on the London Metal Exchange above \$US11,000 a tonne for the first time ever on Monday, joining futures traded in New York and Shanghai which hit record levels last week. Meanwhile, LME nickel spiked nearly 8 per cent on Friday.

That coincided with a fresh rally in precious metal prices, with gold also notching a fresh peak on Monday, while silver topped \$US30 an ounce to hit its highest level since 2013.

The renewed momentum pushed the Bloomberg Commodity Total Return Index, which tracks 24 major futures contracts, to the highest level in more than a year.

The explosive moves across commodity markets were encapsulated last week by an unprecedented short squeeze in the Comex copper market as prices traded in New York rose faster than other commodity exchanges in London and Shanghai.

The ongoing rally forced traders, who had been betting that Comex prices would fall relative to Shanghai and London benchmarks, to cover their short positions, causing a squeeze which supercharged the metal's advance.

"When you have momentum like this, everyone is worried about being caught on the wrong side, so traders are covering their positions which only adds to the upwards price momentum," said Commonwealth Bank's commodity analyst, Vivek Dhar.

## 'Best trade' in decades

"Everyone starts piling in to either protect themselves or to make a profit, so there's a fear of missing out and a fear of being hit by being on the wrong end of this rally."

While CME Group, which owns the Comex exchange, tried to temper the moves by lifting margin requirements for copper futures by 11 per cent on Wednesday night, persistent buying from traders covering their positions have only pushed copper prices higher.

LME futures jumped as much as 4 per cent on Monday and passed through the key \$US11,000 a tonne mark, beating the previous record set in March 2022. The contract has surged more than 25 per cent this year amid concerns about tightening physical supply for the metal and improving demand in China.

Wall Street is growing increasingly bullish on the metal, with veteran analyst Jeff Currie, who for decades was the face of commodities research at Goldman Sachs, saying on Friday that copper is the best trade he has seen in his career.

The metal market's sensitivity to supply issues was exacerbated by unrest in New Caledonia on Friday, which triggered concerns about further disruption to nickel supplies, causing prices to spike aggressively (Bloomberg)

# Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	10,613	R1	10,947.5	RSI above 50	Stochastic overbought
S2	10,584	R2			
S3	10,462	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- The RSI above 50 (75)
- Stochastic is overbought
- Price is above the daily pivot point USD 10,584
- Technically bullish on Friday, we remained within the wave 3 extension, meaning downside moves should be considered as countertrend. The MA on the RSI had started to move higher, implying we were seeing light momentum support; however, the futures remained in divergence with the RSI, not a sell signal, it warned that we could see a momentum slowdown, which needed to be monitored. We had seen the futures open above the daily pivot and push higher; if we rejected the upside and closed below the USD 10,385 level, it would warn that the Fibonacci support zone could come under pressure.
- The futures remained supported for the remainder of the session before seeing strong buy-side support on the Asian open. We remain above all key moving averages supported by the RSI above 50, intraday price and momentum are aligned to the buy-side.
- A close on the 4-hour candle below USD 10,584 with the RSI at or below 66 will mean price and momentum are aligned to the sell side. Downside moves that hold at or below USD 10,256 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 9,590, the cycle is bullish above this level and neutral below.
- Technically bullish, the MA on the RSI is indicating that momentum is support with price above the daily and weekly pivot levels (weekly pivot USD 10,449). A close on the 4-hour candle below USD 10,723 (the low of the current high candle, this is also the last dominant bull candle) will warn that sell side pressure is increasing, meaning the Fibonacci support zone could be tested. Elliott wave analysis continues to suggest that downside moves should be considered as countertrend at this point.

# Aluminium Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,626	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 (60)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,605
- Technically bullish last week, the breach in resistance on Thursday meant that the probability of the futures trading to a new low had started to decrease. The MA on the RSI implied that we had momentum support, meaning that USD 2,627 high was looking vulnerable. The technical was conflicting, we had broken key resistance with the RSI making a new high on the 16/4, suggesting downside moves should be considered as countertrend. However, the sell off previously created a sharp drop in the RSI, meaning a new high would create a negative divergence. Not a sell signal, it meant that we had a more cautious approach on moves higher (despite the resistance break), as the technical warned that we could see a momentum slowdown.
- The futures traded to a high of USD 2,643 on the Asian open, meaning the futures are now in divergence with the RSI. We are above all key moving averages supported by the RSI above 50, intraday price and momentum are aligned to the buy side.
- A close on the 4-hour candle below USD 2,605 with the RSI at or below 56.5 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.
- Technically bullish, the MA on the RSI does indicate momentum is supported, but it is starting to flatten, meaning there are signs that it is slowing down. The technical continues to conflict, as the breach in resistance would suggest that downside moves have the potential to be countertrend; however, due to price being in divergence, we are cautious on upside moves at these levels. A cautious bull.

# Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	3,009	R1	3,069.5	RSI above 50	Stochastic overbought
S2	2,964	R2			
S3	2,924	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above (62)
- Stochastic is overbought
- Price is above the daily pivot point USD 3,009
- Technically bullish on Friday, the MA on the RSI warned that momentum remained weak, whilst the RSI low previously warned that upside moves could struggle to hold. We maintained a cautious view on upside moves, as the move lower is on the back of a negative divergence with the RSI.
- The futures have traded to a new high with price above the EMA support band, the RSI is above 50 whilst price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 3,009 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 2,871 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the new high means that the futures have another divergence in play, if the near-term divergence fails, we still have a longer-term divergence in play. Although not a sell signal, they are warnings that we have the potential to see a momentum slowdown, which will need to be monitored. For this reason, despite that move higher, we maintain a cautious view on upside moves, as the technical is warning that we could struggle to hold above USD 3,091.5.



# Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	20,808	R1	21,350	RSI above 50	Stochastic overbought
S2	20,431	R2			
S3	20,380	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (80)
- Stochastic is overbought
- Price is above the daily pivot point USD 20,808
- Technically bullish on Friday, the MA on the RSI implied that momentum was supported. Both price and the RSI were making new highs, suggesting downside moves should now be considered as countertrend, making USD 19,414 the key support to follow. If broken, then the probability of the futures trading to a new high would start to decrease.
- The futures continue to move higher on momentum support. We are above all key moving averages with the RSI above 50, intraday price and momentum are aligned to the buy side.
- A close on the 4-hour candle below USD 20,808 with the RSI at or below 68.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 19,543 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the MA on the RSI continues to warn that momentum is supported, whilst intraday Elliott wave signals suggest that downside moves look like they could be countertrend. The 1-hour RSI is now in divergence with the RSI, warning we could soon see a momentum slowdown, implying caution on upside moves above USD 21,530.

# Lead Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,314	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 (65)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,290
- Technically bullish on Friday, the new high yesterday meant we are in divergence with the RSI, not a sell signal, it warned that we could see a momentum slowdown, implying we were becoming vulnerable to a technical pull-back. The MA on the RSI was flat, but the RSI was below and had rejected its average, supporting the negative divergence.
- The futures are proving resilient with price trading to new highs. 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 2,290 with the RSI at or below 65 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 2,219 will support a bull argument, below this level the technical will have a neutral bias.
- We remain technically bullish but in divergence with the RSI. Not a sell signal it continues to warn that we could see a momentum slowdown which will need to be monitored. If the divergence fails, it will warn that support levels could hold if tested. The MA on the RSI is flat, but price is above the weekly pivot level (USD 2,268), meaning momentum based on price is supported, a close on the daily chart below this level will imply sell side pressure is increasing. A cautious bull, focus is now on the divergence to see it fails.

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