

Cu

Copper's recent surge to a record wasn't justified by real-world supply and demand, according to Trafigura Group — the top copper trader and usually one of the market's most bullish voices.

"Prices of non-ferrous metals have moved much higher than fundamentals in the physical spot market might indicate or justify, especially for copper," Trafigura Chief Economist Saad Rahim wrote in a commentary accompanying the trader's first half results on Thursday.

Copper prices surged to an all-time high of \$11,104.50 a ton last month, but have since retreated about 10% to trade at \$10,025 on the London Metal Exchange on Thursday. While investors have piled into copper futures, the market in leading consumer China has been flashing signs of weakness.

Trafigura has long been one of the copper market's most bullish voices, with former head of copper Kostas Bintas predicting in 2021 that the metal was set for a long-term bull market that could see it hit \$15,000.

Last autumn, Rahim acknowledged that the copper market hadn't played out as Trafigura had expected, blaming dollar strength for its underperformance.

On Thursday, he attributed copper's rally to a record to "investment flows."

Still, he predicted that the market would tighten as a result of supply constraints, with issues such as the closure of First Quantum Minerals Ltd.'s mine in Panama triggering a record-breaking squeeze in the market for semi-processed copper ore, known as concentrates.

Disappointing mine supply "has led to a significant concentrates shortage, resulting in smelters having to cut production, and pointing to tighter inventories of refined metal even if demand is lacklustre," Rahim wrote. (Bloomberg).

# Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	9,931	R1	10,061		RSI below 50
S2	9,778	R2			
S3	9,654	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- The RSI below 50 (44)
- Stochastic is below 50
- Price is above the daily pivot point USD 9,931
- Technically bearish yesterday, the move lower previously had resulted in the 4-hour divergence failing; however, the 1-hour remained in divergence. Not a buy signal, it continued to warn that we could see a momentum slowdown, which needed to be monitored. The MA on the RSI was flat, implying momentum was neutral, but price was just below the 200-period MA (USD 9,993). A close above that held above the average would warn that resistance levels could come under pressure. We maintained a cautious view on downside moves at these levels.
- The futures found bid support off the USD 9,877 level, resulting in a close above the 200-period MA (USD 10,007). We have opened with bid support in the Asian day session but remain below the EMA resistance band, the RSI is below 50 whilst intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 9,931 with the RSI at or below 37 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 10,109 will leave the futures vulnerable to further tests to the downside, above the level the technical will have a neutral bias.
- Technically bearish, the MA on the RSI indicates that momentum is neutral with price now approaching key resistance (USD 10,109). If broken, then the probability of the futures trading to a new low will start to decrease. The bid support is on the back of the 1-hour positive divergence, with lower timeframe Elliott wave analysis producing a five wave pattern lower, warning that resistance levels could be tested and broken. We maintain a cautious view on downside moves at these levels.

# Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,633	R1	2,645	Stochastic oversold	RSI below 50
S2	2,586	R2			
S3	2,549	R3			

Source Bloomberg

## Synopsis - Intraday

- Price is below the EMA Support band (Black EMA's)
- RSI is below 50 (46)
- Stochastic is oversold
- Price is above the daily pivot point USD 2,633
- Technically bullish with a neutral bias yesterday, the MA on the RSI warned of light momentum weakness; however, the new low previously meant that we had a positive divergence on the 1-hour chart. Not a buy signal, it warned that we had the potential to see a momentum slowdown, which needed to be monitored, as price was in the support zone highlighted on the chart. We noted that the futures initially sold lower on a negative divergence with the RSI, on what looked to be a wave 5 of an extended wave 3, suggesting we could be in the early stages of a higher timeframe corrective wave 4 (not yet confirmed). The deep pullback warns that the probability of the futures trading to a new high within this phase of the cycle has started to decrease, making USD 2,743 the key resistance to follow. We were vulnerable to a move higher in the near-term due to the divergence and support zone, but the wave cycle suggests that any move higher could be countertrend in the near-term. We also highlight the weekly candle chart that shows two consecutive upside rejections, indicating sell side pressure at higher levels.
- The futures traded to a low of USD 2,615 before finding light bid support. We remain below the EMA support band with the RSI below 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle above USD 2,633 with the RSI at or above 48 will mean price and momentum are aligned to the buy side; likewise, a close below this level will mean it is aligned to the sell side. Upside moves that fail at or below USD 2,736 will leave the futures vulnerable to further tests to the downside, above this level the USD 2,737 fractal resistance will start to look vulnerable.
- Technically bullish, the futures have found light bid support on the 1-hour divergence. However, as noted yesterday, the futures look like they could be in a higher timeframe corrective Elliott wave 4 (still not confirmed). If this is the case, then upside moves have the potential to be countertrend (the deep pullback and weekly rejection candles support this), making USD 2,736 the key resistance to follow. If broken, the probability of the futures trading to a new low will start to decrease (implying we could see upside wave extension within the existing trend). We remain cautious on downside breakouts below USD 2,615 because they could struggle to hold. However, the higher timeframe correction (wave 4) is still not confirmed, warning we could have one more test to the downside before entering the countertrend (upside) Elliott wave B.

# Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,885	R1	2,967	Stochastic oversold	RSI below 50
S2	2,849	R2	3,002		
S3	2,758	R3	3,027		

**Synopsis - Intraday**

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (37)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,885
- The futures remained in a corrective phase yesterday with price testing the 200-period MA having breached key support. This warned that we were in a higher timeframe corrective wave 4, making USD 3,066 the key resistance to follow. The wave cycle on the corrective move lower was little unclear, as it had the potential to extend to the downside, meaning we are cautious on upside moves in the near-term. We should note that the futures were currently in the daily EMA support band.
- We traded to a low of USD 2,854 before seeing a small move higher into the close, and on the Asian open. Price is below the EMA support band with the RSI below 50, intraday price and momentum are now conflicting.
- A close on the 4-hour candle above USD 2,885 with the RSI at or above 39.5 will mean price and momentum are aligned to the buy side; likewise, a close below this level with the RSI at or below 50 will mean it is aligned to the sell side. Upside moves that fail at or below USD 3,049 will leave the futures vulnerable to further tests to the downside.
- Technically bearish, we look to be in a higher timeframe corrective wave 4. The lower timeframe wave cycle is clearer today (setting myself up here) and suggests that intraday upside moves have the potential to be countertrend in the near-term. If we do trade above the USD 3,049 resistance, then it will warn that the downside corrective phase has completed.



# Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	18,534	R1	18,605	Stochastic oversold	RSI below 50
S2	18,308	R2			
S3	19,707	R3			

**Synopsis - Intraday**

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (31)
- Stochastic is oversold
- Price is above the daily pivot point USD 18,534
- Technically bearish based on price yesterday, the wave cycle was bullish with a neutral bias, the MA on the RSI warned that momentum remained weak. The RSI was making new lows, implying upside moves looked like they could be countertrend in the near-term, making USD 20,037 the key resistance to follow.
- The futures traded to a low of USD 18,240 before finding light bid support on the Asian open. We are below all key moving averages with the RSI below 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle above USD 19,177 with the RSI at or above 34 will mean price and momentum are aligned to the buy side; likewise, a close below this level will mean it is aligned to the sell side. Upside moves that fail at or below USD 19,896 will leave the futures vulnerable to further tests to the downside.
- Bearish based on price, the move below USD 18,308 yesterday is warning that the probability of the futures trading to a new high within this phase of the cycle has started to decrease. The Elliott wave cycle is bullish but has a neutral bias. Lower timeframe wave analysis (on the corrective move lower) is warning that upside moves have the potential to be countertrend in the near-term, making USD 19,896 the key resistance to follow. Above this level the Elliott wave cycle will be back in bullish territory.

# Lead Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,238	Stochastic oversold	RSI below 50
S2	R2			
S3	R3			

Source Bloomberg

## Synopsis - Intraday

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (41)
- Stochastic is oversold
- Price is above the daily pivot point USD 2,231
- The downside move yesterday meant we had broken a fractal support, the technical was bearish based on price; the Elliott wave cycle was bullish but with a neutral bias, the probability of the futures trading to a new high within this phase of the cycle had started to decrease. The futures were trading in the daily EMA support band, meaning we could see some buyside support at these levels; however, the divergence failure suggested that intraday upside moves should now be considered as countertrend, making USD 2,282 the key resistance to follow.
- The futures traded to a low of USD 2,210.5 before finding bid support in the form of a bullish engulfing pattern, whilst price is in the daily support band. We are below the intraday EMA support band with the RSI below 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle above USD 2,231 with the RSI at or above 44 will mean price and momentum are aligned to the buyside; likewise, a close below this level with the RSI at or below 39.5 will mean it is aligned to the sell side. Upside moves that fail at or below USD 2,278 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, the MA on the RSI is implying that momentum is weak. The upside move has created a bullish engulfing pattern resulting in the futures testing the base support of the box (resistance). We now have a Doji candle (indecision) with price starting to move lower, in theory we should have one more test to the downside, but the strong engulfing pattern implies caution. A more neutral view this morning due to the intraday price action conflicting.

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