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(Bloomberg) -- Aluminum ticked higher, with the European Union considering import restrictions on Russian metal and Chinese production growth expected to slow.

The metal climbed toward \$2,600 a ton in London, gaining as much as 0.7%. The EU is weighing curbs on Russian aluminum, along with measures against other commodities, as part of a new package of sanctions targeting Moscow for its invasion of Ukraine, according to people familiar with the matter. The potential restrictions could be gradual, with the scope still to be determined.

Russian aluminum shipments to Europe have already fallen due to widespread self-sanctioning by manufacturers since the start of the war, and a gradual reordering of global supply chains. More supplies have come to China instead, with the country more than doubling imports of Russian metal to more than 1 million tons a year in the past two years from 2022.

The additional impact on trade volumes being re-routed "could be very limited" given the market has already adjusted, said Gao Yin, an analyst at Shuohe Asset Management Co. "The market isn't in urgent need of Russian aluminum."

In China, the aluminum industry is approaching an inflection point this year as limits on capacity are set to slow production growth, leaving less metal available for export and supporting prices, according to researcher Shanghai Metals Market. The country is the world's largest supplier.

Aluminum traded 0.4% higher at \$2,570 a ton on the London Metal Exchange at 7:54 a.m. local time. Other metals were all lower, with zinc and copper down 1.2% and 0.3%, respectively.

Iron ore rose 0.1% to \$100.45 a ton in Singapore, while contracts in Dalian were flat.

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	9,063.5	R1	9,142	RSI above 50	Stochastic overbought
S2	9,012	R2	9,194		
S3	8,963	R3	9,314		

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA resistance band (Black EMA's)
- The RSI above 50 (55)
- Stochastic is overbought
- Price is below the daily pivot point USD 9,142
- Technically bullish yesterday, the MA on the RSI was flat, implying momentum was turning neutral. As noted previously, the futures were now in divergence on the 1-and-4-hour timeframes warning buyside momentum could slow down, leaving the futures vulnerable to an intraday move lower. Corrective moves lower that held at or above USD 8,890 would warn that there is a larger, bullish Elliott wave cycle coming into play. A cautious bull.
- The futures traded to a high of USD 9,170 before selling lower in the Asian day session. We remain above all key moving averages with the RSI above 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 9,142 with the RSI at or above 62.5 will mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 8,897 will support a bull argument, below this level the Elliott wave cycle will have a neutral bias.
- Technically bullish, the MA on the RSI is indicating that we have light momentum weakness. The futures are selling lower on the back of the negative divergence with the RSI, warning the USD 9,063.5 fractal support could be tested and broken. If it is, then this phase of the lower timeframe bullish Elliott wave cycle will have completed, warning the Fibonacci support zone could come under pressure. Key support is at USD 8,897, below this level the probability of there being a larger bull cycle in play will start to decrease. Note: the lower timeframe oscillator cross is marginal, if we hold above the USD 9,063.5 level and trade to a new high, then we could see a bullish wave extension within the existing cycle. The caveat is that the RSI has broken support, implying a near-term upside breakout above 9,170 will be divergence, meaning we maintain a cautious view on upside moves at this point.

Aluminium Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,568	RSI above 50	
S2	R2			
S3	R3			

Source Bloomberg

Synopsis - Intraday

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (54)
- Stochastic is below 50
- Price is below the daily pivot point USD 2,571
- Technically bullish yesterday, the MA on the RSI implied that we had light momentum support. Countering this, we noted that upside moves above USD 2,596 would create a negative divergence with the RSI, not a sell signal it warned that we could see a momentum slowdown, meaning we had a note of caution on upside breakouts. Lower timeframe Elliott wave analysis suggested that downside moves looked like they could be countertrend in the near-term, making USD 2,526 the key support to follow. If broken, then the probability of the futures trading to a new high would start to decrease.
- The futures traded to a high of USD 2,602; however, the upside move failed to hold due to the divergence in play, resulting in the futures entering a corrective wave 4. We are 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 2,571 with the RSI at or above 60.5 will mean price and momentum are aligned to the buy side. Downside moves that hold at or above USD 2,528 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the MA on the RSI is warning that we have light momentum weakness. The futures are seeing bid support off the Fibonacci support zone, whilst our Elliott wave analysis is suggesting caution on downside moves, making USD 2,528 the key support to follow. Below this level the probability of the futures trading to a new high has started to decrease. One note of caution, corrective patterns tend to consist of 3 waves, we have one wave lower from the USD 2,602 high, warning there could be further downside within this corrective phase.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,767	R1	2,844	Stochastic oversold	RSI below 50
S2	2,725	R2	2,865		
S3	2,682	R3	2,871		

Source Bloomberg

Synopsis - Intraday

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (40)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,865
- Unchanged on the technical yesterday. The MA on the RSI implied that we had light momentum support, warning resistance levels remained vulnerable in the near-term. However, based on our Elliott wave analysis, we continued have a note of caution on moves higher.
- The futures had little movement higher with price trading up to but rejecting the EMA resistance band, resulting in the futures trading to new lows in the Asian day session. We are below all key moving averages with the RSI below 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 2,865 with the RSI at or above 47 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 2,871 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 we have light momentum weakness. Intraday Elliott wave analysis is suggesting that we have the potential to trade as low as USD 2,682 within this phase of the cycle. However, price is now in divergence with the RSI, not a buy signal, it is a warning that we could see a momentum slowdown, which needs to be monitored.

Nickel Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	15,875	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 (62)
- Stochastic is overbought
- Price is below the daily pivot point USD 15,892
- Technically bullish yesterday, the MA on the RSI implied that momentum was supported. Both price and the RSI are making new highs whilst this phase of the bearish Elliott wave cycle had completed, indicating downside moves should in theory be considered as countertrend. If we did trade below USD 15,250, then the probability of the futures trading to a new high would start to decrease.
- The futures traded to a high of USD 15,965 before seeing a small move lower in the Asian day session. We are above all key moving averages supported by the RSI above 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 15,892 with the RSI at or above 66.5 will mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 15,265 will support a bull argument; if broken, then the technical will have a neutral bias.
- Technically bullish, the MA on the RSI is starting to flatten, warning buyside momentum is slowing. The move above USD 15,920 yesterday created a minor negative divergence with the RSI; again, warning buyside momentum could slow, leaving the futures vulnerable to a technical pullback. However, our Elliott wave analysis is suggesting downside moves should in theory be countertrend, making USD 15,265 the key support to follow. If broken, then the probability of the futures trading to a new high will start to decrease. A cautious bull at these levels due to the divergence in play.

Lead Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bull
S1	R1	1,943.5	RSI below 50	RSI above 50
S2	R2			
S3	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (46)
- Stochastic is below 50
- Price is below the daily point USD 1,957
- Technically bullish but with a neutral bias yesterday, the probability of the futures trading to a new high had started to decrease. However, doubled down and backed my Elliott wave analysis, maintaining a note of caution on moves lower, as the bear cycle looked to have completed. I noted that if we did trade to a new low (below USD 1,917), then we would obviously be looking at a wave extension to the downside. The problem I had, I couldn't see it coming. I was clear that this does not mean that I would be proved correct, it just meant that I could not see it using my wave methodology at that point.
- The futures traded to a high of USD 1,970; however, we are selling lower this morning. 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 1,957 with the RSI at or above 52 will mean price and momentum are aligned to buyside.
- Unchanged on the technical today, we remain bullish but with a neutral bias. My analysis for today is cut and pasted from yesterday. The probability of the futures trading to a new high has started to decrease. I am going to double/treble down and back my Elliott wave analysis, and maintain a note of caution on moves lower, as the bear cycle looks to have completed. If we do trade to a new low (below USD 1,917), then we are obviously looking at a wave extension to the downside. The problem I have, I can't see it coming. To be clear, this does not mean that I will be proved correct, it just means I cannot see it using my wave methodology at this point.

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