

Metals

(Bloomberg) -- Iron ore and most base metals fell after US President Donald Trump said that he could hit China with 10% tariffs on all imports, suggesting Feb. 1 as the possible start date.

Futures of the steelmaking material declined as much as 1.3% after the president's threat, which he said was in response to China sending the drug fentanyl to North America. While the US is not a key importer of Chinese steel, its tariffs could impact the domestic market and dampen the prospect of economic recovery.

Iron ore prices slumped by more than a quarter in 2024, as China's economic problems and real estate-sector crisis weighed on demand, while big miners in Australia and Brazil boosted supplies. Prices have edged up 3% this year on more positive signs in the Chinese economy, along with optimism Beijing could implement more stimulus.

Trump's levy threat against China came a day after his announcement that he may enact tariffs of as much as 25% tariffs on Mexico and Canada at the start of February. That triggered a slump in prices of base metals on the London Metal Exchange, which has extended into Wednesday's trading.

Futures of iron ore were 0.8% lower in Singapore at \$103.95 a ton at 1:59 p.m. local time. Yuan-priced contracts in Dalian and steel prices in Shanghai also fell.

Copper on the LME fell 0.5% to \$9,243 a ton, down from its highest close in more than two months. Aluminum and nickel also declined.

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	9,124	R1	9,243	RSI above 50	Stochastic overbought
S2	9,090	R2	9,338		
S3	9,027	R3	9,408		

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- The RSI above 50 (55)
- Stochastic is overbought
- Price is below the daily pivot point USD 9,243
- The upside move to a new high in the futures previously had created a negative divergence with the RSI; not a buy signal, it warned that we could see a momentum slowdown. Trumps comments on tariffs and the subsequent move higher looked like it had created a lower timeframe Elliott wave extension; however, for confirmation (despite the new high), we either need to see further upside, or price holding at these levels, as lower timeframe oscillators lacked clarity at that point. Downside moves below the low of the last dominant bull candle (USD 9,149 – this was also the low of the last high candle), would indicate that sell side pressure is increasing (based on price), warning market bears were taking control. Key longer-term support was at USD 8,940, corrective moves lower that held above this level would indicate there could be a larger bull cycle coming into play. Although we had a note of caution on moves higher due to the divergence, until we close below USD 9,149, resistance would remain vulnerable.
- The futures failed to close below the USD 9,149 level but remain below the USD 9,297 fractal high. We are above all key moving averages supported by the RSI above 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle above USD 9,243 with the RSI at or above 59 will mean price and momentum are aligned to the buyside. Likewise, a close below this level with the RSI at or below 54.5 will mean it is aligned to the sell side. Downside moves that hold at or above USD 8,940 will warn that there could be a larger, bullish Elliott wave cycle in play.
- Technically bullish, the futures remain in divergence with the RSI, a move above USD 9,297 will create further divergences. Not a sell signal, it is a warning that we could see a momentum slowdown which needs to be monitored. If we do trade to a new high, it will confirm that we have seen an Elliott wave extension, meaning we have the potential to trade as high as USD 9,379 within this phase of the cycle. However, due to the divergence, we remain a cautious bull at these levels. Downside moves below the low of the last dominant bull candle (USD 9,149 – this is also the low of the last high candle), will indicate that intraday sell side pressure is increasing (based on price), warning market bears were taking control.

Aluminium Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,636.5	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 (53)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,656
- Technically bullish yesterday. A series of small upside rejection candles, alongside intraday candles making lower highs and lower lows, warned that buy-side pressure was weakening; this was supported by price and momentum being aligned to the sell side. However, if we move down a timeframe on the Elliott wave cycle; the move that started on the 14/01 (USD 2,553 low) suggested that there was still room for one more move above USD 2,705, before entering the higher timeframe corrective phase. In either scenario, downside moves should be countertrend. In Elliott wave terms, our analysis suggested we are in a corrective wave 4 of a higher timeframe wave 3.
- The futures did not trade to a new high, the depth of the pullback suggests we are on the higher timeframe corrective wave 4. We remain 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 2,656 with the RSI at or above 68 will mean price and momentum are aligned to the buy-side. Downside moves that hold at or above USD 2,563 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the MA on the RSI is implying that momentum is weak. We didn't trade to a new high yesterday, meaning the futures are in the higher timeframe countertrend corrective wave 4, making USD 2,563 the key support to follow. If broken, then the probability of the futures trading to a new high will start to decrease. Likewise, upside moves that reject the USD 2,680 level will warn that there is the potential for further downside within the correction. We maintain our view based on our wave analysis that this downside move looks to be countertrend.

Zinc Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,906.5	Stochastic oversold	RSI below 50
S2	R2			
S3	R3			

Source Bloomberg

Synopsis - Intraday

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (49)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,927
- Technically bullish yesterday, the futures are on a lower timeframe Elliott wave 5. We noted that in theory, we could trade as high as USD 3,010 within this phase of the cycle; however, we had a note of caution on moves higher, as price had sold lower on a 1-hour divergence. If we traded below USD 2,925, then the lower timeframe wave cycle would have completed, warning the Fibonacci support zone could come under pressure. As noted previously, key longer-term support was at USD 2,868, as corrective moves that held above this level would warn that there was a larger, bullish Elliott wave cycle in play.
- The futures have traded below the USD 2,925 fractal support, meaning the intraday technical is now bearish. We are below all key moving averages with the RSI near-neutral at 49, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 2,927 with the RSI at or above 59 will mean price and momentum are aligned to the buy side. Upside moves that fail at or below USD 2,959 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. Likewise, downside moves that hold at or above USD 2,868 will warn that there is a larger, bullish Elliott wave cycle in play.
- Technically bearish, the MA on the RSI implies that we have light momentum weakness. The futures are now approaching the weekly pivot level (USD 2,899), a close on the daily chart below this level will warn that the USD 2,868 support could come under pressure. If broken, then the probability of there being a larger, bullish wave cycle in play will start to decrease.

Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	15,735	R1	15,865		
S2	15,665	R2			
S3	15,520	R3			

Synopsis - Intraday

Source Bloomberg

- Price is between the EMA support band (Black EMA's)
- RSI is at 50 (50)
- Stochastic is above 50
- Price is below the daily pivot point USD 16,064
- Technically bullish yesterday, the new high previously had created a second negative divergence with the RSI. Not a sell signal, it continued to warn that upside momentum could slow down. Lower timeframe Elliott wave analysis suggested that we are on a wave 5 for this phase of the cycle, with the potential to trade as high as USD 16,383. Corrective moves below USD 15,735 would signal that the lower timeframe wave cycle had completed, meaning the intraday technical would be bearish, making USD 15,323 the key support to follow. Downside moves that held at or above this level would warn that there was a larger, bullish Elliott wave cycle coming into play. Due to the divergence and this being a wave 5, we had a note of caution on moves higher.
- The futures traded to a high of USD 16,135; however, due to the divergence, the move failed to hold, resulting in price selling lower. We are between the EMA support band with the RSI neutral at 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 16,064 with the RSI at or above 60 will mean price and momentum are aligned to the buy side. Downside moves below USD 15,735 will mean the intraday technical is bearish; however, corrective moves lower that hold at or above 15,323 will imply that there is a larger, bullish wave cycle in play.
- The futures are selling lower on a third negative divergence with the RSI. The MA on the RSI is implying momentum is weak, whilst the pullback is on an Elliott wave 5. Three divergences and weak momentum suggest the USD 15,735 support could be tested and broken; if it is, focus will be on the USD 15,323 level. We maintain a cautious view on moves higher, as momentum indicators suggest that they could struggle to hold.

Lead Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bull
S1	R1	1,962		
S2	R2			
S3	R3			

Synopsis - Intraday

Source Bloomberg

- Price is between the EMA support band (Black EMA's)
- RSI is at 50 (50)
- Stochastic is below 50
- Price is on the daily point USD 1,962
- Technically bearish yesterday, the futures had completed a 5-wave pattern higher (Elliott wave) with price testing but holding above the USD 1,943 level at that point. If broken, then the probability of the futures trading above USD 1,995.5 in the near-term would start to decrease. If we held, then market buyers will look to test the USD 1,977 resistance.
- The futures breached the USD 1,943 support (low USD 1,942) before trading to a high of USD 1,974. We are between the EMA support band with the RSI neutral at 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle above USD 1,962 with the RSI at or above 54 will mean price and momentum are aligned to 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 1,977 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically we are bearish, the RSI is at 50 with price and momentum conflicting, whilst price is between the EMA support band, indicate neutrality. In theory, support levels remain vulnerable whilst we remain below the USD 1,977 resistance; however, we have a more neutral view today due to the large bullish intraday candle yesterday. If we close below the low of the dominant bull candle (USD 1,950), then support levels will become vulnerable. Until we do, we have a note of caution on moves lower.

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