

Commodities

(Bloomberg) -- Commodity markets are pricing in elevated odds that US President Donald Trump's sanctions against Canadian imports will include raw materials like oil, according to Goldman Sachs Group Inc., which warned of higher gasoline prices in the Midwest if penalties cover crude flows.

Differences in regional pricing for commodities including crude, copper and aluminum signal an 85% probability of a 10% tariff being applied, analysts including Samantha Dart and Daan Struyven said in a note. Lower probabilities were linked with higher eventual tariffs, they added.

Raw materials markets from energy to metals are braced for a wave of disruption as Trump seeks to reshape global trade. The US administration has proposed a host of different approaches, with tariffs threatened against flows from its nearest neighbors, potential curbs against China, as well as commodity-specific sectoral levies. There's also been talk of a universal tariff.

As it stands, Trump has threatened to move ahead with the Canadian and Mexico levies as soon as this weekend. For now, he has raised the possibility that oil may not be included in the penalties. Canada is the biggest overseas supplier of crude to the US, with Midwest refiners dependent on those shipments.

"Canadian oil tariffs would risk unpopular, if temporary, gasoline price increases in the US Midwest," the analysts said.

Metals

(Bloomberg) -- Most base metals headed for weekly drops on signs US President Donald Trump will unleash his first wave of tariffs on key trade partners as soon as Saturday, presenting a headwind to global growth.

Copper, aluminum and zinc all fell on the London Metal Exchange on Friday, exacerbating weekly losses, following Trump's strongest pledge yet that he will implement 25% levies on about \$900 billion of goods from Canada and Mexico. He also indicated he would move forward with 10% import duties on China, but did not specify timing.

Metals traders are closely watching the new US administration's trade policy, which aims to redraw supply chains but may diminish global growth. Measures against China, the world's top consumer of commodities, are in particular focus given the ongoing weakness of its economy, especially in the metals-intensive property and construction sectors.

"Trump-led trade policy shifts have the potential to weigh on the industrial metals complex," analysts at BMI said in a note on Friday. "In addition to trade policy risks, we flag significant downside risks to Chinese metals demand."

The change in approach may already be impacting monetary policy, with Federal Reserve Chair Jerome Powell saying this week that there would be no rush to lower interest rates this year. Trump's tariffs are widely expected by economists to be inflationary, potentially forcing the central bank to maintain higher borrowing costs that may undermine metals demand.

Copper declined 0.4% to \$9,088.50 a ton on the LME as of 7:32 a.m. in London, and is down 2% for the week. Aluminum and zinc both dropped on Friday, and have lost more than 1% so far this week.

Iron ore rose 0.7% to \$106 a ton in Singapore on Friday, and is up 1% for the week. Chinese markets were off for the Lunar New Year holidays.

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	8,960	R1	9,109		RSI below 50
S2	8,885	R2	9,156		
S3	8,757	R3	9,220		

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- The RSI below 50 (45)
- Stochastic is overbought
- Price is below the daily pivot point USD 9,109
- Technically bearish yesterday, the move below USD 8,960 previously suggested that the probability of there being a larger, bullish Elliott wave cycle in play had started to increase. We noted that the downside move to new lows had been supported by the RSI, implying intraday upside moves should be considered as countertrend; however, if we did trade above USD 9,221 then the probability of price selling to new lows would start to decrease. Likewise, a close above that held above the 200-period MA would support a near-term buyer's argument. We did have a small rejection candle off the 200-period MA; we noted that if the current candle closed below USD 9,056 it would indicate that sell side pressure was increasing, warning the USD 8,957 fractal low could come under pressure.
- The futures failed to trade below the USD 9,056 level with price moving and closing above the 200-period MA (USD 9,075), supporting a near-term upside move. Having traded to a high of USD 9,164 we have sold lower in the Asian day session. We are below the EMA resistance band with the RSI below 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle below USD 9,109 with the RSI at or below 41 will mean price and momentum are aligned to the sell side; likewise, a close above this level will mean it is aligned to the buy side. Upside moves that fail at or below USD 9,220 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 supported at this point. We are trading back below the 200-period MA, if we close below and hold below the average it will indicate that sell side pressure is increasing. Likewise, if price and momentum become aligned to the sell side, it will further weaken the technical, warning the USD 8,957 fractal low could come under pressure. Failure to close below the longer-term average will imply the market remains supported. If we do trade above USD 9,221 then the probability of price selling to new lows will start to decrease.

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,586	R1	2,605		Stochastic overbought
S2	2,563	R2			
S3	2,536	R3			

Source Bloomberg

Synopsis - Intraday

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (47)
- Stochastic is overbought
- Price is below the daily pivot point USD 2,623
- Technically bullish with a neutral bias yesterday. The MA on the RSI implied that we had light momentum support, making USD 2,586 an area of interest. Corrective moves lower that held above this level would support a near-term bull argument, warning the USD 2,656 resistance could come under pressure, if broken, the technical would be back in bullish territory. We noted yesterday that the breach in the USD 2,563 level, alongside the RSI making new lows, suggested that upside moves looked like they could be countertrend. The intraday technical still suggested this; however, there was a caveat. We noted that we had a bullish engulfing pattern on the daily chart that had formed USD 36.00 above the daily 200-period MA (USD 2,625), warning of underlying support in the market. We took a neutral approach on this technical, as the intraday is conflicting with a powerful daily pattern.
- The futures have seen a small move lower with price below the EMA support band. The RSI is below 50 with price and momentum now conflicting.
- A close on the 4-hour candle below USD 2,623 with the RSI at or below 46 will mean price and momentum are aligned to the sell side; likewise, a close above this level will mean it is aligned to the buy side. Upside moves that fail at or below USD 2,656 will warn that there could be further downside within the corrective phase, above this level the technical will be back in bullish territory.
- The futures remain bullish with a neutral bias; however, as noted yesterday, the conflicting technical between the intraday and the daily candle pattern means we have a neutral view. A deep pullback on the intraday technical is countered by a bullish engulfing candle above the 200-period MA (USD 2,538) on the daily chart.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,748	R1	2,796		RSI below 50
S2	2,708	R2	2,805		
S3	2,691	R3	2,822		

Source Bloomberg

Synopsis - Intraday

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (41)
- Stochastic is above 50
- Price is below the daily pivot point USD 2,796
- Technically bearish yesterday, the MA on the RSI was flat, but had acted as a support for the RSI. If we traded below the USD 2,771 level it would suggest that the USD 2,750 fractal low should be tested and broken; likewise, a rejection of the USD 2,845 level would imply that we were entering an Elliott wave 5 for this phase of the cycle. If broken, then the probability of the futures trading to a new low would start to decrease.
- The upside moves in the futures has rejected the EMA resistance band, the RSI is below 50 with price and momentum are conflicting.
- A close on the 4-hour candle below USD 2,796 with the RSI at or below 37.5 will mean price and momentum are aligned to the sell side. Likewise, a close above this level will mean it is aligned to the buy side. Upside moves that fail at or below USD 2,845 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, the futures have tested but remain above the USD 2,771 level; if broken, it will suggest that the USD 2,750 fractal low could be tested and broken. We look like they could be in the early stages of a bearish Elliott wave 5 for this phase of the cycle; however, if we do trade above the USD 2,845 resistance, then the probability of futures trading to a new low will start to decrease.

Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	15,323	R1	15,325	Stochastic oversold	RSI below 50
S2	15,168	R2			
S3	14,905	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (39)
- Stochastic is oversold
- Price is below the daily pivot point USD 15,411
- Technically bearish yesterday, lower timeframe Elliott wave analysis suggested that upside moves had the potential to be countertrend; however, below USD 15,365 the futures would be in divergence with the RSI on the 1-hour timeframe, meaning we have a note of caution on downside breakouts, as they could struggle to hold.
- The futures have seen a small move lower with price now in divergence with the RSI. We are below all key moving averages supported by the RSI below 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 15,411 with the RSI at or above 43.5 will mean price and momentum are aligned to the buy side. Upside moves that fail at or below 15,654 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, the futures have breached the USD 15,323 support, meaning the probability of there being a larger bull cycle in play has started to decrease. The divergence means we now have a note of caution on moves lower at these levels, as they could struggle to hold.

Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	1,945	R1	1,956		RSI below 50
S2	1,933	R2			
S3	1,917	R3			

Source Bloomberg

Synopsis - Intraday

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (49)
- Stochastic is overbought
- Price is below the daily point USD 1,970
- The move above USD 1,950 meant that the technical was bullish yesterday, whilst the breach in the USD 1,971 resistance suggested that the probability of the futures trading to a new low had started to decrease. The daily technical however was neutral as price is consolidating. A close below USD 1,968 on the daily chart would warn that buyside pressure was decreasing, meaning we could see an intraday pullback.
- The futures closed at USD 1,967.5, a borderline close; however, it has resulted in price selling lower today. We are below the EMA support 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 1,970 with the RSI at or above 54.5 will mean price and momentum are aligned to buyside. Downside moves that hold at or above USD 1,945 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish but in a corrective phase, the MA on the RSI is implying momentum is supported; however, the RSI is below the average. If price and momentum become aligned the buyside, then resistance levels could come under pressure. The daily technical continues to consolidate, meaning we are very cautious on intraday signals at the moment. The daily technical is currently going through a phase of accumulation/distribution, meaning directional bias is not yet defined.

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