

Alu

(Bloomberg)

Extraordinary events are unfolding across the global copper market thanks to President Trump's mercurial tariff policies. The likelihood of levies and disruptions means futures have been pushing higher, perhaps inviting a nasty reversal at some point in 1H given the iffy macro outlook. Vast pricing discrepancies are opening between key geographies. As a consequence, thousands of tons of metal are on the move around the globe in a frantic game of a chase the arbitrage opportunities. Welcome to the metal market's closest thing to bedlam.

The root causes of the upheaval are legitimate concerns the US will impose a tariff on imports of copper, a theme Donald Trump riffed on in this week's address to Congress. (A Commerce Department investigation is already underway.) The threat has lifted futures in New York way above equivalent levels in London, the global pricing center. That means copper's +19% YTD in Comex, versus +9% YTD on the LME.

As a result, metal is flowing toward, and into, the US from other locales. On my patch in Asia, orders to withdraw metal from LME-registered sheds have spiked to the highest level since 2017. Copper may also be being shipped out of China as traders seek to take advantage of the globe-spanning disruptions.

When Trump's second term came into view, copper looked like a loser, a view based on suspicions that a multi-front trade war would dent risk appetite, while also retarding global growth. That's proved — so far at least — to be awfully wrong (although takes on crude oil, gold, silver and iron ore have fared somewhat better). But then volatility seems to be the only certainty across markets this year.

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	9,519	R1	9,680	RSI above 50	Stochastic overbought
S2	9,516	R2	9,684.5		
S3	9,482	R3	9,789		

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA resistance band (Black EMA's)
- The RSI above 50 (62)
- Stochastic is overbought
- Price is above the daily pivot point USD 9,516
- Technically bullish yesterday, the MA on the RSI implied that we had light momentum support. We were approaching the USD 9,474 resistance, if broken, then the probability of the futures trading to a new low would start to decrease. This also warned that the USD 9,551—USD 9,575 fractal resistance zone could be tested and broken; if it was, it would suggest we were in the early stages of a bullish, higher timeframe Elliott wave 5. As noted previously, our wave analysis suggests that downside moves should be considered as countertrend.
- The futures traded through near-term resistance levels, suggesting we are in the early stages of a bullish impulse Elliott wave 5. We are above all key moving averages with the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 9,516 with the RSI at or below 51 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 9,432 will support a bull argument, below this level, the near-term technical will have a neutral bias.
- Technically bullish, the MA on the RSI implies that momentum is supported. The futures have broken fractal resistance with the price above the linear regression line, we are also closing and holding above the daily 200-period MA (USD 9,386). The upside moves suggests we are on an Elliott wave 5; however, for final confirmation we need to trade above the USD 9,684.5 fractal high. If we do, then we have the potential to trade as high as USD 9,899 within this phase of the cycle.

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,657	R1	2,688.5	RSI above 50	Stochastic overbought
S2	2,648	R2			
S3	2,645	R3			

Source Bloomberg

Synopsis - Intraday

- Price is between the EMA resistance band (Black EMA's)
- RSI is below 50 (49)
- Stochastic is above 50
- Price is above the daily pivot point USD 2,648
- Technically bullish with a neutral bias yesterday, the MA on the RSI implied that we had light momentum support, whilst the futures were moving higher on a positive divergence with the RSI. If we closed above and held above the top of the EMA resistance band (USD 2,634), with the RSI moving above 50, it would warn that the Fibonacci resistance zone could come under pressure. We were cautious on moves lower at that point, as the technical was now seeing momentum support that price action had reacted to by moving higher.
- The futures have moved higher with price trading above the USD 2,688 resistance, meaning the technical is now in bullish territory. We are above all key moving averages supported by the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 2,648 with the RSI at or below 48 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 2,630 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 supported, whilst price and the RSI have made new highs. This would suggest that downside moves should be considered as countertrend, making USD 2,630 the key support to follow. If broken, the probability of the futures trading to a new high will start to decrease.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,860	R1	2,904	RSI above 50	Stochastic overbought
S2	2,860	R2	2,918		
S3	2,856	R3	2,940		

Source Bloomberg

Synopsis - Intraday

- Price is above the EMA resistance band (Black EMA's)
- RSI is below 50 (62)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,860
- Technically bullish yesterday, the MA on the RSI implied that momentum was supported. We highlighted three small downside rejection candles above the USD 2,601 level (black rectangle), warning we were seeing buy-side support in the market, meaning resistance levels were starting to look vulnerable. We had evidence of support in the market, for upside continuation the futures needed to close above and hold above the 200-period MA (USD 2,846); if we did, then resistance levels could be tested and broken. As noted previously, if we closed below and held below the linear line, it would warn that sell-side pressure is increasing.
- We moved high on the back of the support candles highlighted yesterday, with price closing above the 200-period MA and breaching the USD 2,904 resistance. 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 2,860 with the RSI at or below 50.5 will mean price and momentum are aligned to the sell-side. Downside moves that hold at or above USD 2,840 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the MA on the RSI implies that momentum is supported, whilst the move above USD 2,882 suggests that downside moves should be considered as countertrend. Above USD 2,906.5 we will see lower timeframe divergences on the sub 1-hour charts, meaning we could see an intraday pullback in the near-term.

Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	15,960	R1	16,085	RSI above 50	
S2	15,875	R2			
S3	15,787	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (58)
- Stochastic is above 50
- Price is above the daily pivot point USD 15,960
- Technically bullish yesterday, the MA on the RSI indicated that we had light momentum support; however, the RSI remained in divergence with price. Not a sell signal, it warned that we could see a momentum slowdown which needed to be monitored. If we closed below the low of the last dominant bull candle (USD 15,915), or price and momentum become aligned to the sell side, it would warn that support levels were starting to look vulnerable. If we did trade below the USD 15,651 level, then the probability of the futures trading to a new high would start to decrease. Recent price action suggests that even though we are divergence, we might try to test the daily fractal resistance zone between USD 16,135—USD 16,270 before entering a corrective phase.
- The futures traded to a high of USD 16,160 before trading to an intraday low of USD 15,810. We are seeing bid support this morning with price above all key moving averages supported by the RSI above 50, intraday price and momentum are now conflicting.
- A close on the 4-hour candle below USD 15,960 with the RSI at or below 56 will mean price and momentum are aligned to the sell side. Likewise, a close above this level with the RSI at or above 60.5 will mean it is aligned to the buy side. Downside moves that hold at or above USD 15,668 will support a bull argument, below this level the technical will have a neutral bias.
- Technically we remain bullish, the MA on the RSI is now flat with price selling lower yesterday on the negative divergence with the RSI. Price is supported and above key moving averages; however, above USD 16,160 will create further divergence with the RSI, meaning we are cautious on upside breakouts as they could struggle to hold.

Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,024	R1	2,035	RSI above 50	Stochastic overbought
S2	2,017	R2			
S3	2,002	R3			

Source Bloomberg

Synopsis - Intraday

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (63)
- Stochastic is overbought
- Price is above the daily point USD 2,024
- Technically bullish yesterday, the MA on the RSI implied that momentum was supported, suggesting the USD 2,024 fractal high could be tested and broken. However, we had a note of caution on upside breakouts above USD 2,024.5, as there is a longer-term negative divergence in play. The technical was bullish but the Elliott wave cycle continued to lack clarity, meaning we had no real view on this technical. We were cautious on bearish rejection candles that closed back in the Bollinger band.
- The futures did produce a bearish rejection candle that closed in the Bollinger band; however the subsequent downside moves failed to hold, meaning we did not close below the rejection candle, resulting in price moving higher. 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 2,024 with the RSI at or below 55 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 2,002 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 supported. The RSI is now in a resistance zone whilst in divergence (black lines on the RSI). However, the near term move has broken RSI resistance (red line on RSI), suggesting downside support levels should hold if tested, making USD 2,002 the key support to follow. If broken, then the probability of the futures trading to a new high will start to decrease.

The information provided in this communication is not intended for retail clients. It is general in nature only and does not constitute advice or an offer to sell, or the solicitation of an offer to purchase any swap or other financial instruments, nor constitute any recommendation on our part. The information has been prepared without considering your investment objectives, financial situation, or knowledge and experience. This material is not a research report and is not intended as such. FIS is not responsible for any trading decisions taken based on this communication. Trading swaps and over-the-counter derivatives, exchange-traded derivatives, and options involve substantial risk and are not suitable for all investors. You are advised to perform an independent investigation to determine whether a transaction is suitable for you. No part of this material may be copied or duplicated in any form by any means or redistributed without our prior written consent. Freight Investor Services Ltd (FIS) is authorised and regulated by the Financial Conduct Authority (FRN: 211452) and is a member of the National Futures Association ("NFA"). Freight Investor Services PTE Ltd ('FIS PTE') is a private limited company, incorporated and registered in Singapore with company number 200603922G, and has subsidiary offices in India and Shanghai. Freight Investor Solutions DMCC ('FIS DMCC') is a private limited company, incorporated and registered in Dubai with company number DMCC1225. Further information about FIS including the location of its offices can be found on our website at freightinvestorservices.com