

Cu

(Bloomberg) -- Copper extended its slump, with industrial metals hit by the intensifying global trade war and recession fears as the US prepared to implement more import tariffs. Iron ore also fell.

Metals have been caught up in a broad selloff across financial markets since Thursday, as US President Donald Trump's tariffs stoke fears of a global recession. The LME Metals Index has fallen for 10 days and aluminum is down for 15 days, the longest run of losses for both on record.

Trump's tariffs on about 60 trading partners that he's dubbed the "worst offenders", along with levies of as high as 104% levies on Chinese goods, are set to take effect after midnight New York time. The US leader and top administration officials have signaled they are open to dealmaking.

China Premier Li Qiang said his country has ample policy tools to "fully offset" negative external shocks.

"Demand expectations for copper have reversed notably this week, along with tariffs fueling fears of a recession," Chaos Ternary Futures Co. said in a note.

Copper fell as much as 2.3% before paring some losses early Wednesday. It was down 0.8% to \$8,585 a ton on the London Metal Exchange as of 10 a.m. in Shanghai, extending declines since Thursday to about 12%. Aluminum dropped 0.4%.

Iron ore declined as much as 3.2% to its lowest since September. It was 2% lower in Singapore at \$92.85 a ton. Chinese iron ore and steel futures were also down.

Copper Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	8,285	R1	8,678	8,521.5		RSI below 50
S2	7,774	R2	9,134			
S3	7,128	R3	9,464			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- The RSI below 50 (27)
- Stochastic is below 50
- Price is above the daily pivot point USD 8,678
- Unchanged on the technical yesterday, the MA on the RSI was flat, implying momentum is neutral; however, on the daily technical, momentum remained weak. Elliott wave analysis continued to suggest that upside moves should be countertrend. We noted that we had not yet confirmed that we had entered the lower timeframe corrective wave 4 for this phase of the cycle, meaning downside moves that traded to a new low from here would be part of a lower timeframe wave extension.
- The futures gapped lower on the open. Having found light bid support early on price is now coming under pressure. We are below all key moving averages supported by the RSI below 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle below USD 8,678 with the RSI at or below 26 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 9,464 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 showing very light momentum support; however, the daily timeframe is showing momentum weakness. The futures have not confirmed that we entered a countertrend wave 4, meaning upside moves are still considered as countertrend; this also suggests that downside moves that trade below USD 8,105 will be considered as a bearish Elliott wave extension on the lower timeframe. If price and momentum become aligned to the sell side, then the USD 8,105 fractal low will become vulnerable.

Aluminium Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	2,326.5	R1	2,363	2,327.5	RSI below 50	Stochastic oversold
S2	2,226	R2	2,461			
S3	2,209.5	R3	2,505			

Source Bloomberg

Synopsis - Intraday

- Price is below the EMA Resistance band (Black EMA's)
- RSI is below 50 (23)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,363
- Technically bearish yesterday, the MA on the RSI implied that we have light momentum support. Intraday Elliott wave analysis continued to suggest upside moves should be considered as countertrend, this was supported by momentum, as the RSI and price had made new lows previously. If we closed on the daily candle above the weekly pivot level, then it would warn that resistance levels could come under pressure in the near-term, making USD 2,564 the key resistance to follow. A move above this level would warn that the probability of the futures trading to a new low would start to decrease. The technical continued to suggest that upside moves could struggle to hold.
- The futures traded to a high of USD 2,407.5, but rejected the weekly pivot level for a second time (USD 2,436), resulting in price selling lower. 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 2,363 with the RSI at or above 28.5 will mean price and momentum are aligned to the buy side. Upside moves that fail at or above USD 2,564 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 implies momentum remains weak. The futures are now testing the polarity support (USD 2,326), a close below that holds below this level will warn that the USD 2,226 fractal support could come under pressure. If we trade below USD 2,320, it will confirm that we are seeing a bearish Elliott wave extension to the downside. However, a new low will create a positive divergence with the RSI, not a buy signal, it is a warning that we could see a momentum slowdown and will need to be monitored. We maintain our view that upside moves should be considered as countertrend at this point.

Zinc Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,552	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 (25)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,584
- Technically bearish yesterday, we maintained our view that upside moves should be considered as countertrend, as our Elliott wave analysis implied they would struggle to hold. We noted that downside moves to a new low would be a wave extension on the lower timeframe, as we are yet to confirm the countertrend wave 4 higher. As noted previously, if we did close back above the fractal support zone (USD 2,675—USD 2,679) and the weekly pivot level (USD 2,723), then we could see the Fibonacci resistance zone come under pressure in the near-term.
- The futures traded to a new low yesterday with price continuing to come under pressure this morning. 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 2,584 with the RSI at or above 30 will mean price and momentum are aligned to the buy side. Upside moves that fail at or below USD 2,754 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, the RSI is below its average but the MA is implying we have light momentum support. The new low means we are seeing a bearish Elliott wave extension to the downside on the lower timeframe, meaning we have the potential to trade as low as USD 2,453 within this phase of the cycle. However, we are now in divergence with the RSI, not a buy signal, it is a warning that we could see a momentum slowdown which will need to be monitored. Based on higher timeframe Elliott wave analysis, we maintain our view that upside moves should be considered as countertrend.

Nickel Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	14,295	Stochastic oversold	RSI below 50
S2	R2			
S3	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (30)
- Stochastic is oversold
- Price is below the daily pivot point USD 14,315
- Unchanged on the technical yesterday. Elliott wave analysis suggested upside moves should be considered as countertrend; this was supported by the RSI and price making a new low previously. The MA on the RSI implied that momentum was weak; however, the RSI had crossed its average, warning we were seeing signs of momentum support, making USD 15,590 the key resistance to follow. Above this level the probability of price trading to a new low would start to decrease. The futures were now in a countertrend Elliott wave 4 (note: this is on the lower timeframe), if price and momentum became aligned to the sell side, it would warn that the USD 13,865 fractal low could be tested and broken.
- The futures sold lower yesterday with price finding light bid support on the open. We are below all key moving averages supported by the RSI below 50, intraday price and momentum are aligned to the buy side, as the previous candle closed above the daily pivot level.
- A close on the 4-hour candle below USD 14,315 with the RSI at or below 24.5 will mean price and momentum are aligned to the sell side. Upside moves that fail at or USD 15,590 will warn that there is further downside within this corrective phase, above this level the technical will have a neutral bias.
- Technically bearish, the MA on the RSI implies that we have light momentum, support. As noted yesterday, lower timeframe Elliott wave analysis has confirmed that we entered a corrective wave 4. The downside moves is warning that the USD 13,865 fractal low is vulnerable. Both lower and higher timeframe Elliott wave analysis are suggesting that upside moves should be considered as countertrend at this point.

Lead Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	1,856	R1	1,874	1,856	Stochastic oversold	RSI below 50
S2	1,789	R2	1,943			
S3	1,732	R3	1,972			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (21)
- Stochastic is oversold
- Price is below the daily point USD 1,874
- Technically bearish yesterday, the MA on the RSI implied that we had light momentum weakness; however, the average was starting to flatten, indicating sell side momentum was slowing. Elliott wave analysis continued to suggest that upside moves should be considered as countertrend. We noted that if we did trade below the USD 1,850 fractal low it would be considered as a wave extension on the lower timeframe. We had note of caution on downside breakouts below USD 1,850, as the 1-and-2-hour RSIs would be in divergence, not a sell signal, they are a warning that we could see a momentum slowdown.
- The futures have sold lower with price approaching the USD 1,850 fractal low. We are below all key moving averages supported by the RSI below 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle below USD 1,874 with the RSI at or below 19 will mean price and momentum are aligned to the sell side. Likewise, a close above this level will mean it is aligned to the buyside. Upside move that fail at or below USD 2,011 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 now flat, warning momentum is becoming neutral. If we trade below USD 1,850 it will indicate that we are seeing a lower timeframe Elliott wave extension; however, a new low will create a positive divergence with the RSI. Not a buy signal, it is a warning that we could see a momentum slowdown, which will need to be monitored. Based on higher timeframe Elliott wave analysis, we maintain our view that upside moves should be considered as countertrend.

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