

News

(Global Times) The US Department of Commerce (DOC) announced on Tuesday local time the inclusion of 407 additional product categories in its steel and aluminium tariffs list — each now subject to a 50 percent duty on their metal content. Chinese expert commented that the move will weigh heavily on US companies and undermine the stability of global supply chains.

The latest action covers wind turbines and their parts and components, mobile cranes, bulldozers and other heavy equipment, railcars, furniture, compressors and pumps, and hundreds of other products, the DOC said on its official website.

Under Secretary of Commerce for Industry and Security Jeffrey Kessler said the move broadens the scope of steel and aluminium tariffs and blocks circumvention, aiming to support "the continued revitalization of the American steel and aluminium industries."

The department is also adding imported parts for automotive exhaust systems and electrical steel needed for electric vehicles (EVs) to the new tariffs as well as components for buses, air conditioners as well as appliances including refrigerators, freezers and dryers, according to Reuters.

A group of foreign automakers had urged the DOC not to add the parts, saying the US does not have the domestic capacity to handle current demand. And, Tesla unsuccessfully asked the DOC to reject a request to add steel products used in EV motors and wind turbines, saying there was no available US capacity to produce steel for use in the drive unit of EVs, Reuters reported.

Zhou Mi, a senior research fellow at the Chinese Academy of International Trade and Economic Cooperation, told the Global Times on Wednesday that Washington's latest tariff expansion is primarily aimed at what it sees as insufficient protection for its domestic steel and aluminium industries.

He pointed out, however, that many of the newly listed items, such as wind turbines, mobile cranes and railway vehicles, are sectors where China holds strong production capacity and global competitiveness.

"In the short term, it is unrealistic for the US to quickly rebuild comparable capacity at home, nor do many other countries have the same strength. This means Chinese products will remain crucial, but the tariffs are likely to push up export prices to the US," Zhou explained.

According to Zhou, the immediate impact is not necessarily a loss of market share for Chinese exporters, but rather a shift in pricing dynamics. "Exporters and US buyers will have to renegotiate how to share the burden of higher costs. This could complicate trade relations and add friction to the supply chain," he noted.

Zhou cautioned that the move could destabilize global supply chains and weigh heavily on US downstream industries. "For American project developers, infrastructure operators and investors, such as in ports and energy facilities, higher costs will translate into greater pressure. While China will feel the impact, the broader outcome is uncertainty for supply chain stability, and the real test will be how both sides adapt in the months ahead," he said.

Commenting on the US' tariff hikes on all steel and aluminium imports, He Yongqian, a spokesperson of the Chinese Ministry of Commerce, noted earlier that the US actions are typical examples of unilateralism and protectionism. Many countries have clearly expressed their opposition, and there is significant opposition within the US as well. A WTO panel had already ruled in 2022 that the US' previous Section 232 tariffs on steel and aluminium violated WTO rules. But not only did the US keep the existing Section 232 tariffs, but has actually further lifted tariffs on steel and aluminium.

Copper Morning Technical (4-hour)



| Support | Resistance | Current Price | Bull | Bear |
|---------|------------|---------------|---------------------|--------------|
| S1 | R1 | 9,686.5 | Stochastic oversold | RSI below 50 |
| S2 | R2 | | | |
| S3 | R3 | | | |

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- The RSI below 50 (41)
- Stochastic is oversold
- Price is below the daily pivot point USD 9,716
- Bearish with a neutral bias yesterday, the MA on the RSI was flat, implying sell side momentum was slowing. The futures were holding the USD 9,718 Fibonacci support; this was also a polarity support area (highlighted), and two standard deviations below the linear regression line, meaning we were cautious on downside moves at that point. For upside continuation, the futures would need to close and hold above the intraday 200-period MA (USD 9,769). The RSI alongside price and momentum were neutral; however, due to the polarity and linear regression support, price was vulnerable to an intraday move higher, if it could close above the USD 9,769 level.
- The futures rejected the intraday 200-period MA (USD 9,769), resulting in price trading and closing below the polarity support area. 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 9,716 with the RSI at or above 49 will mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 9,671 will support a bull argument, below this level the technical will be back in bearish territory.
- Bearish with a neutral bias, the MA on the RSI continues to imply that momentum remains weak. The futures are trading just over two standard deviations below the linear regression line; however, the break in polarity support on high volume warns that the technical condition is weakening. For this reason, we are now monitoring a second regression channel, this one is running from high to low. Key support to follow is at USD 9,671, if broken the technical will be back in bearish territory. Conversely, if support holds, then the polarity resistance around the USD 9,718 area will become vulnerable.

Aluminium Morning Technical (4-hour)



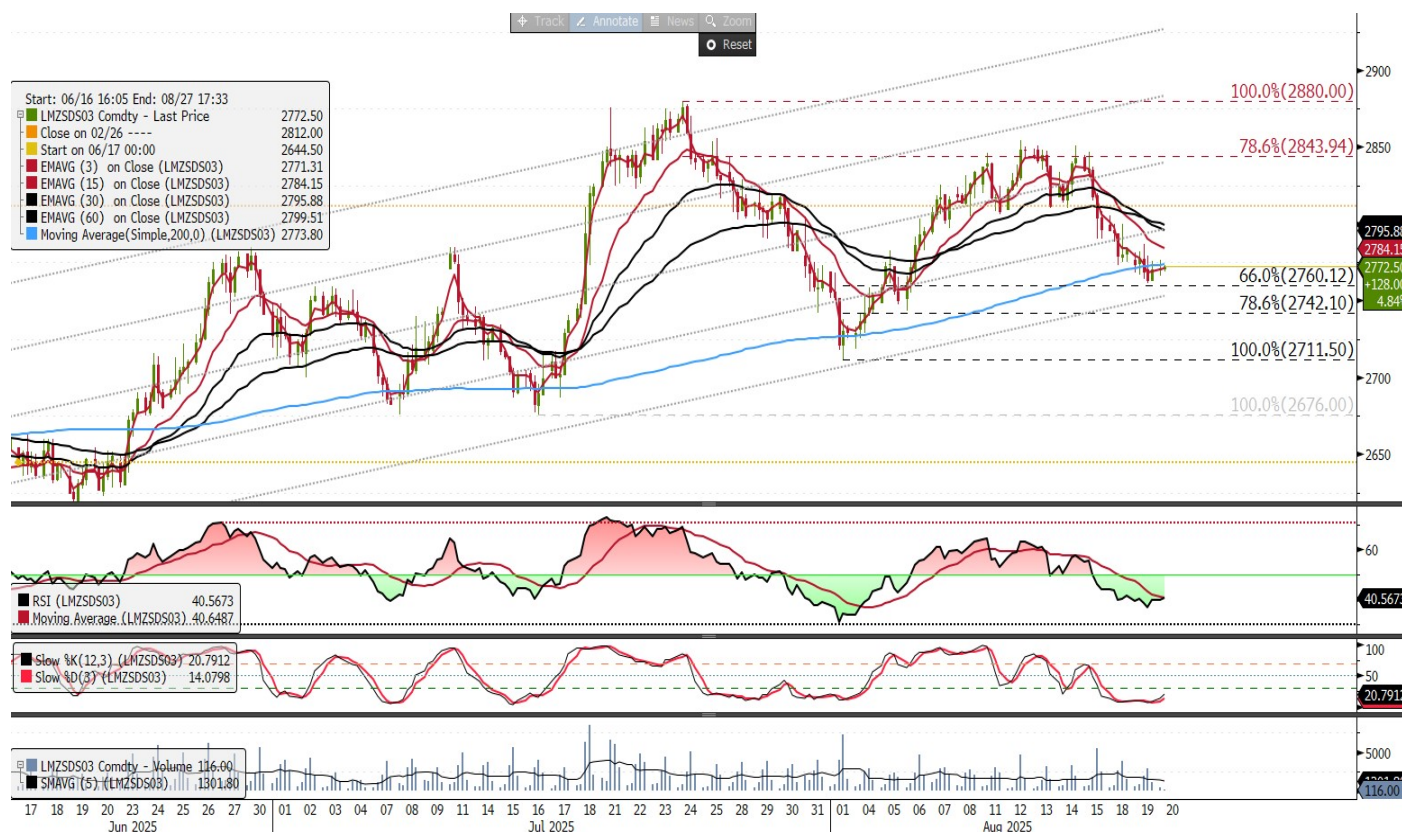
| Support | | Resistance | | Current Price | Bull | Bear |
|---------|-------|------------|-------|---------------|---------------------|--------------|
| S1 | 2,542 | R1 | 2,570 | 2,561.5 | Stochastic oversold | RSI below 50 |
| S2 | 2,520 | R2 | 2,575 | | | |
| S3 | 2,487 | R3 | 2,604 | | | |

Source Bloomberg

Synopsis - Intraday

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (35)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,570
- Bearish with a neutral bias yesterday, the MA on the RSI implied that momentum was weak. Price was breaching the USD 2,582 fractal support, but remained above the USD 2,576 level; if broken, it would put the technical back in bearish territory, whilst confirming the M-pattern breakout. We continued to see signs of weakness with price now below the 200-period MA (USD 2,601), we maintained our view that USD 2,576 was the key support to follow.
- The futures have now sold below the USD 2,576 support. 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 2,570 with the RSI at or above 43 will mean price and momentum are aligned to the buy side. Upside moves that fail at or below USD 2,604 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 that momentum is weak, the downside moves below the USD 2,576 level means that the technical is now bearish, in line with our Elliott wave analysis. The double top formation with price below the 200-period MA, is supported by the RSI making new lows alongside price, suggesting intraday upside moves should in theory be countertrend. Upside moves from here on low volume, will support a bear argument.

Zinc Morning Technical (4-hour)



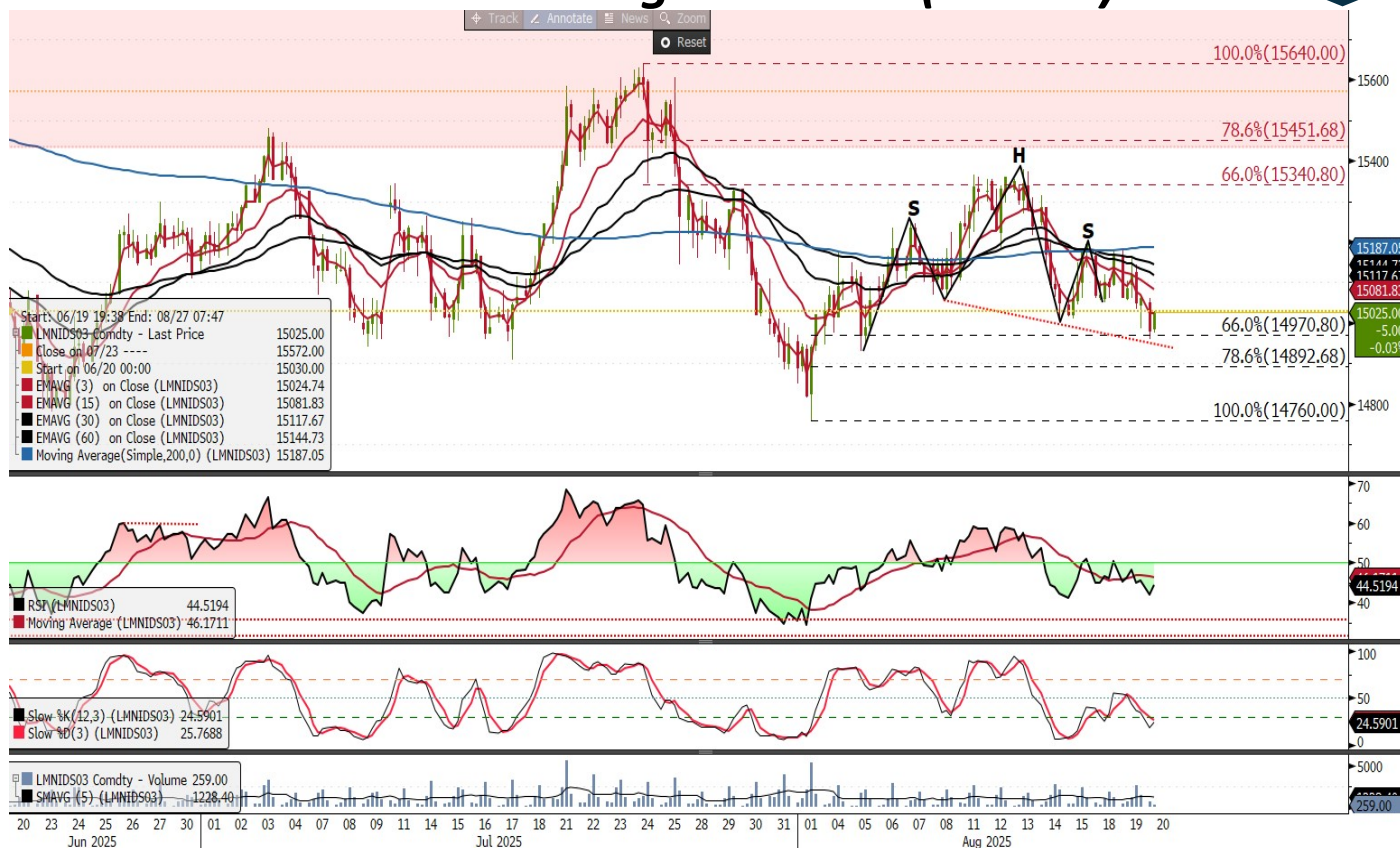
| Support | Resistance | Current Price | Bull | Bear |
|---------|------------|---------------|---------------------|--------------|
| S1 | R1 | 2,772.5 | Stochastic oversold | RSI below 50 |
| S2 | R2 | | | |
| S3 | R3 | | | |

Source Bloomberg

Synopsis - Intraday

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (40)
- Stochastic is oversold
- Price is on the daily pivot point USD 2,772
- Bearish with a neutral bias yesterday, the MA on the RSI implied that momentum was weak. The futures were trading on the intraday 200-period MA, whilst we had key support at USD 2,760, and linear regression support at USD 2,759 (2 standard deviations below), meaning we were at an inflection point. We were cautious on moves lower yesterday; however, if we closed and hold below the longer-term average, and breached the USD 2,760 level, it would indicate technical weakness, suggesting the linear regression should be run from the USD 2,854.5 fractal high. We maintained our view that the structure of this upside move that started in April was looking more like a 3-3 wave pattern, suggesting it was not bullish impulse.
- The futures had a small test to the downside before finding light bid support into the close. We are below the EMA resistance band with the RSI below 50, intraday price and momentum are aligned to the sell side, as the previous candle closed below the daily pivot level.
- A close on the 4-hour candle above USD 2,772 with the RSI at or above 43 will mean price and momentum are aligned to the buy side. Downside moves that hold at or above USD 2,760 will support a bull argument, below this level the technical will be back in bearish territory.
- Unchanged on the technical this morning, the futures are trading on the intraday 200-period MA (USD 2,773) whilst holding just above the USD 2,760 support, meaning we remain at an inflection point. We maintain our view that the structure of this upside move that started in April is looking more like a 3-3 wave pattern, suggesting it was not bullish impulse, implying caution on intraday upside moves.

Nickel Morning Technical (4-hour)



| Support | Resistance | Current Price | Bull | Bear |
|---------|------------|---------------|---------------------|--------------|
| S1 | R1 | 15,025 | 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 (44)
- Stochastic is oversold
- Price is below the daily pivot point USD 15,057
- Bearish with a neutral bias yesterday, the MA on the RSI was flat, implying sell side momentum was slowing. The technical continued to conflict, as the bearish wave cycle looks to have completed, whilst below USD 15,005 the RSI would be in divergence. However, there still remained a 'potential' bearish head and shoulders pattern in play at that point. The rejection of the 200-period MA did warn of weakness, but the move looked to be on lower volume on the market open, we noted that it was yet to be seen if the move lower would hold. Neutral due to the conflation, we maintained a note of caution on downside moves due to price being divergent below USD 15,005, alongside our previous Elliott wave analysis.
- The futures have sold below the USD 15,005 level. 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 15,057 with the RSI at or above 48.5 will mean price and momentum are aligned to the buy side. Upside moves that fail at or below USD 15,340 will leave the technical vulnerable to further tests to the downside, above this level it will have a neutral bias.
- Technically bearish, the move below USD 15,005 means there is a positive divergence in play with the RSI. Not a buy signal, it is a warning that we could see a momentum slowdown, which will need to be monitored. The downside moves has breached the USD 14,970 level, indicating the technical is bearish, whilst a close that holds below USD 15,938 will mean the bearish head and shoulders pattern is in play. The H&S pattern and breach in the USD 14,970 support suggest we go lower; however, this is countered by our Elliott wave analysis that suggested previously that the bearish cycle looked to have completed and a divergence that is currently in play. For this reason, we continue to have a neutral view.

Lead Morning Technical (4-hour)



| Support | Resistance | Current Price | Bull | Bear |
|---------|------------|---------------|---------------------|--------------|
| S1 | R1 | 1,970 | 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 (41)
- Stochastic is oversold
- Price is below the daily point USD 1,976
- Technically bearish yesterday, the MA on the RSI was flat implying sell side momentum had slowed. We noted previously that our bearish Elliott wave cycle looked like it may have completed, however, the depth of the pullback suggested that support levels were still vulnerable. We were seeing bid support in the market on higher than average volume; however, with the technical conflicting, we had a neutral view.
- Having moved higher in the morning, the futures sold lower into the close, meaning price is 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 1,976 with the RSI at or above 44.5 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 2,012 will warn there could be a larger, bearish, Elliott wave cycle in play. We noted previously that this resistance was back in play due to recent move lower being deep into the last bull wave.
- Technically bearish, the move lower means that the futures are in divergence, not a buy signal, it is a warning that we could see a momentum slowdown, which will need to be monitored. The USD 1,956 fractal low is vulnerable due to the rejection of the EMA resistance band; however, we have one divergence in play, whilst below USD 1,956 will create a second divergence, meaning we remain cautious on downside breakouts as they could struggle to hold.

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