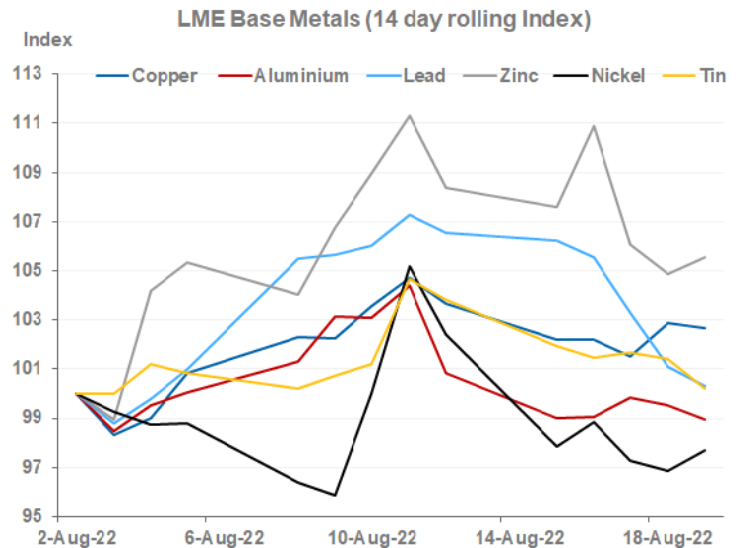


## LME Metals Report

Written by Edward Meir – Commodity Research Group  
Tel: 1-203-656-1143 • [emeir@edfmancapital.com](mailto:emeir@edfmancapital.com)  
[WWW.EDFMANCAPITAL.COM](http://WWW.EDFMANCAPITAL.COM)

***This commentary was written at 10:30 A.M.  
on August 19, 2022, US EST.***

Metals are quietly mixed as we get ready to wrap up the week, but we are seeing selling pressure almost everywhere else. Gold continues to erode, with prices getting down to \$1763 at one point while silver has crashed below \$19, off nearly half a dollar. Cryptocurrencies are also down big, as are some of the crypto stocks. Oil prices are down by about \$.20 right now but were off by more than \$2/brl earlier. The sizable draw in the EIA weekly crude component (down 7mln barrels) and the possibility of an Iran deal not going through seems to be giving the crude complex some strength. The stronger dollar is weighing on all the markets. The greenback is now at a one-month high basis the general index and on track for its best weekly showing since April 2020. In fact, the Euro is on the verge of breaking parity once again, while sterling has sunk to 1.1820, not helped by reports that British consumer sentiment readings in August fell to their lowest levels since at least 1974. The yen is also quite weak, off a full yen right now and trading at 137.



At the heart of the dollar's strength (and the general malaise we are seeing in the markets) are shifting perceptions that the Fed might stay "tighter for longer" despite what was gleaned from the Fed minutes and Jerome Powell's July news conference. St. Louis Fed President Bullard said on Thursday he was leaning toward supporting a third straight 75-basis-point rate hike in September and sees rate hikes lasting well into 2023. San Francisco Fed colleague Mary Daly said hiking rates by 50 or 75 basis points next month would be "reasonable", while Kansas City Fed Chief Esther George said she would not stop tightening policy until she is "completely convinced" that inflation is coming down. Traders are now seeing a near equal chance of a 50 and 75 basis-point hike in September whereas the odds clearly favored 50 basis points earlier this week. All this negativity is being picked up in the US bond markets where 10-year rates are now inching towards the 3% mark once again.

Troubling as the US inflation numbers may be (the recent declines notwithstanding), the situation in Europe is considerably worse. We read today that German PPI came in at a whopping 37% y-o-y and has accelerated past its peak from May. The country's economy ministry released a rather gloomy monthly assessment of where things stand, laying the blame squarely on high energy prices.

Unnerved by the back-up in US interest rates, equity markets have opened with decent losses. The Dow is already off 250 points, while the S&P-500 and the NASDAQ are each off by 44 and 209 points respectively. Meme stocks are on the defensive as the latest "pump and dump" scheme comes to an end, this after shares of highflying Bed Bath and Beyond crashed by 40% on news that investor Ryan Cohen has exited his investment.

---

Heavy equipment maker Deere is down by 4.2% after missing earnings estimates as the company continues to grapple with supply chain issues.

Out of China, Reuters reports that the authorities are expected to lower the loan prime rate by anywhere between 10 to 15 basis-points on Monday. Most loans are based on this rate, now at 3.70%. Meanwhile, we have another diary entry from Shanghai-based analyst John Browning who comments on the latest drought developments as follows:

*Yesterday, the National Meteorological Center registered a sweltering 45c in the Beibei District in Chongqing Municipality a new record high, and power rationing is now appearing in parts of China's southwest. The abnormally hot weather and associated lack of rainfall have increased overall power consumption by 6.3% and in particular household power consumption by 27%. Rainfall in the Yangtze River basin is the lowest in 60 years and is especially difficult for Sichuan Province where 82% of its electric power generation is from hydro. However, in last year's power crisis, coal production was cut in a decarbonization initiative, driving coal prices sharply higher. Conversely, Chinese electricity producers sell at a fixed price and could not pay for high-priced coal, logically they started to close electricity generation rather than produce at a guaranteed loss. As a result, the decarbonization initiative was wound back, coal production resumed, and the electricity generators were given greater latitude on pricing sales. It is unlikely we will see power outages affect the whole country, although similar to the Rhine, river-bound freight links may be affected. I guess in the age of climate change, the most important news is now the weather.*

This writer will be off next week and so there will be no commentary until Tuesday August 30<sup>th</sup> (The LME will be closed on the 29<sup>th</sup>). We wish all our readers well in the interim.

-----  
**COPPER -- SUPPORT: \$7,602 / RESISTANCE: \$8,250**

We are at \$8,064, up \$33. We have been trading between \$7,965-\$8,123.

-----  
**ALUMINUM -- SUPPORT: \$2,310 / RESISTANCE: \$2,536**

We are at \$2,394, down \$9. We have been trading between \$2,373-\$2,411 so far today.

-----  
**ZINC – SUPPORT: \$3,255 / RESISTANCE: \$3,819**

We are at \$3,464, down \$8. We have been trading between \$3,444-\$3,528.

-----  
**LEAD -- SUPPORT: \$1,975 / RESISTANCE: \$2,250**

Lead is at \$2,060, off \$12 and looking quite poor this week. We have been trading between \$2,052-\$2,081.

---

Edward Meir/Commodity Research Group ("CRG") is an independent consultant to E D & F Man Capital Markets Inc. ("MCM ") focusing on metals commentary. Neither Edward Meir nor CRG have a personal futures trading accounts. The information contained in this material should be construed as market commentary, merely observing economic, political and/or market conditions, and not intended to refer to any particular trading strategy, or specific trade recommendation, promotional element or quality of services provided by MCM Inc. or E D & F Man Derivatives Products Inc. ("MDP"). Trading ranges given are not a reason to buy, sell or hold any commodity mentioned. MCM and MDP are not responsible for any redistribution of this material by third parties, or any trading decisions taken by persons not intended to view this material. Information contained herein was obtained from sources believed to be reliable but is not guaranteed as to its accuracy. These materials represent the opinions and viewpoints of the author, and do not necessarily reflect the viewpoints and any trading strategy employed by MCM or MDP. This is not an offer to buy or sell any derivative. The information and data provided is not tradable and is for indication-only purposes. All references to and discussion of OTC products or swaps are made solely on behalf of MDP, a member of the NFA and provisionally registered with the CFTC as a Swap Dealer. MDP's products are designed only for individuals or firms who qualify under CFTC rules as an ECP and who have been accepted as counterparties of MDP. The trading of derivatives such as futures, options and OTC products or swaps may not be suitable for all investors. Derivative trading involves substantial risk of loss, and you should fully understand those risks prior to trading.



---

**NICKEL -- SUPPORT: \$21,248 / RESISTANCE: \$25,200**

We are at \$22,200, up \$420. We have been trading between \$21,650-\$22,630 thus far.

\* Reuters reports that the **global nickel market surplus** rose to 20,500 tons in June from 19,500 tons in May. During the first six months of the year, nickel was in a surplus of 30,800 tons compared with a deficit of 125,500 tonnes in the same period of 2021, this according to the INSG.

---

**TIN -- SUPPORT: \$22,980 / RESISTANCE: \$25,600**

We are at \$24,810, up \$215. We have been trading between \$24,300-\$24,810.

## Base Metals Prices and Forward Curve Snapshot

| LME Cash   | 19-Aug-22 | Prev Day | Month ago | 3M Trend |          | 12M Trend     |
|------------|-----------|----------|-----------|----------|----------|---------------|
| CU (\$/MT) | 8,045     | 7,925    | 7,255     |          |          |               |
| AL (\$/MT) | 2,404     | 2,409    | 2,380     |          |          |               |
| PB (\$/MT) | 2,068     | 2,113    | 1,993     |          |          |               |
| ZN (\$/MT) | 3,533     | 3,579    | 3,033     |          |          |               |
| NI (\$/MT) | 21,704    | 21,807   | 20,543    |          |          |               |
| SN (\$/MT) | 24,795    | 24,855   | 25,090    |          |          |               |
| LME Frwrds | Cash      | 3-month  | 15-month  | 27-month | 63-month | Curve's shape |
| CU (\$/MT) | 8,045     | 8,015    | 7,991     | 7,965    | 7,996    |               |
| AL (\$/MT) | 2,404     | 2,390    | 2,448     | 2,492    | 2,610    |               |
| PB (\$/MT) | 2,068     | 2,056    | 2,053     | 2,024    | 1,992    |               |
| ZN (\$/MT) | 3,533     | 3,496    | 3,102     | 2,826    | 2,483    |               |
| NI (\$/MT) | 21,704    | 21,975   | 22,137    | 22,419   | 23,092   |               |
| SN (\$/MT) | 24,795    | 24,300   | 23,200    |          |          |               |
| SHFE Front | 1 month   | 3 month  | 6 month   | 9 month  | 12 month | Curve's shape |
| CU (CNY/T) | 62,250    | 61,470   | 61,090    | 61,140   | 61,080   |               |
| AL (CNY/T) | 18,470    | 18,200   | 18,090    | 18,085   | 18,075   |               |
| PB (CNY/T) | 14,985    | 14,975   | 14,965    | 14,980   | 15,000   |               |
| ZN (CNY/T) | 24,850    | 24,195   | 23,560    | 23,010   | 22,965   |               |
| NI (CNY/T) | 170,800   | 163,810  | 157,090   | 154,370  |          |               |
| SN (CNY/T) | 198,460   | 195,920  | 195,610   | 195,690  | 193,530  |               |

## Base Metals Inventories

| Copper     | Today   | 1 day Δ | 1 month | 6 month   | Yr Ago    | 12M Trend |
|------------|---------|---------|---------|-----------|-----------|-----------|
| LME (MT)   | 123,825 | -2,650  | 136,200 | 74,075    | 245,125   |           |
| SHFE (MT)  | 31,205  |         | 71,332  | 136,300   | 93,032    |           |
| COMEX (MT) | 49,644  | -270    | 58,038  | 66,529    | 43,043    |           |
| GLOBAL(MT) | 204,674 | -2,920  | 265,570 | 276,904   | 381,200   |           |
| Aluminum   | Today   | 1 day Δ | 1 month | 6 month   | Yr Ago    | 12M Trend |
| LME (MT)   | 273,775 | -750    | 325,075 | 849,275   | 1,309,700 |           |
| SHFE (MT)  | 197,886 |         | 190,671 | 325,747   | 248,242   |           |
| COMEX (MT) | 21,699  | 650     | 20,708  | 22,887    | 36,810    |           |
| GLOBAL(MT) | 493,360 | -100    | 536,454 | 1,197,909 | 1,594,752 |           |
| Lead       | Today   | 1 day Δ | 1 month | 6 month   | Yr Ago    | 12M Trend |
| LME (MT)   | 38,450  | -450    | 39,725  | 47,150    | 57,050    |           |
| SHFE (MT)  | 71,352  |         | 87,931  | 86,752    | 190,918   |           |
| GLOBAL(MT) | 109,802 | -450    | 127,656 | 133,902   | 247,968   |           |
| Zinc       | Today   | 1 day Δ | 1 month | 6 month   | Yr Ago    | 12M Trend |
| LME (MT)   | 74,725  | -225    | 73,250  | 147,775   | 228,350   |           |
| SHFE (MT)  | 96,206  |         | 105,614 | 166,364   | 45,249    |           |
| COMEX (MT) | 2,699   | 0       | 2,699   | 2,699     | 2,699     |           |
| GLOBAL(MT) | 173,630 | -225    | 181,563 | 316,838   | 276,298   |           |
| Nickel     | Today   | 1 day Δ | 1 month | 6 month   | Yr Ago    | 12M Trend |
| LME (MT)   | 55,914  | -96     | 62,364  | 83,328    | 198,486   |           |
| SHFE (MT)  | 3,818   |         | 1,826   | 5,301     | 6,415     |           |
| GLOBAL(MT) | 59,732  | -96     | 64,190  | 88,629    | 204,901   |           |

Source: EDF Man Capital Markets/ Bloomberg

## Technical Profile

|  | 19-Aug-22 | 1 day   | 1 month ago | 3 month ago | Yr ago  |
|--|-----------|---------|-------------|-------------|---------|
| <b>Volume (3-Mnth/lots)</b>                          |           |         |             |             |         |
| CU   | 44,785    | 33,716  | 43,356      | 52,317      | 36,757  |
| AL   | 37,754    | 33,889  | 34,757      | 37,260      | 55,387  |
| PB   | 9,488     | 7,617   | 9,938       | 10,887      | 11,038  |
| ZN   | 18,141    | 22,448  | 22,737      | 23,218      | 18,935  |
| NI   | 4,847     | 3,256   | 9,900       | 17,929      | 18,614  |
| SN   | 409       | 303     | 897         | 292         | 633     |
| <b>Open Int (3-Mnth/lots)</b>                        |           |         |             |             |         |
| CU   | 236,021   | 235,994 | 226,119     | 286,964     | 310,473 |
| AL   | 581,529   | 577,881 | 551,994     | 790,983     | 667,276 |
| PB   | 82,983    | 83,865  | 84,518      | 105,662     | 108,520 |
| ZN   | 195,896   | 197,177 | 196,784     | 191,756     | 229,431 |
| NI   | 145,693   | 144,848 | 154,414     | 201,811     | 277,215 |
| SN   | 11,503    | 11,524  | 12,217      | 16,173      | 16,093  |
| <b>Moving Averages &amp; Implied Price Direction</b> |           |         |             |             |         |
|  | Cash      | 10 MAV  | 40 MAV      | 100 MAV     | 200 MAV |
| CU ↑   | 8,045     | 8,008   | 7,784       | 8,916       | 9,372   |
| AL ↓   | 2,404     | 2,443   | 2,423       | 2,746       | 2,872   |
| PB ↓   | 2,068     | 2,156   | 2,028       | 2,149       | 2,233   |
| ZN ↑   | 3,533     | 3,650   | 3,309       | 3,704       | 3,630   |
| NI ↓   | 21,704    | 22,183  | 21,951      | 26,603      | 24,789  |
| SN ↓   | 24,795    | 24,858  | 25,351      | 32,955      | 37,285  |
| <b>Support &amp; Resistance</b>                      |           |         |             |             |         |
|  | S1        | S2      | R1          | R2          | RSI     |
| CU   | 7,602     | 7,370   | 8,250       | 8,400       | 55      |
| AL   | 2,310     | 2,280   | 2,536       | NA          | 43      |
| PB   | 1,975     | 1,878   | 2,250       | NA          | 45      |
| ZN   | 3,255     | 3,132   | 3,819       | 4,000       | 55      |
| NI   | 21,248    | 21,500  | 25,200      | 26,000      | 47      |
| SN   | 22,980    | 22,500  | 25,600      | 26,400      | 40      |
| <b>Market Round-up (Data as on 9:30 am GMT)</b>      |           |         |             |             |         |
|  | Today     | 1 day   | 1 month     | 6 month     | Yr Ago  |
| Gold   | 1,752     | 1,760   | 1,711       | 1,899       | 1,780   |
| Silver   | 19.12     | 19.73   | 18.67       | 23.99       | 23.23   |
| Platinum   | 896       | 919     | 868         | 1,077       | 971     |
| Palladium  | 2,148     | 2,137   | 1,854       | 2,338       | 2,298   |
| WTI  | 89.59     | 88.11   | 104.22      | 91.07       | 63.69   |
| Brent  | 95.60     | 93.65   | 107.35      | 93.54       | 66.45   |
| WTI Inv (mbbl)                                       | 425       | 425     | 422         | 416         | 433     |
| Sterling   | 1.1873    | 1.2048  | 1.1995      | 1.3589      | 1.3639  |
| Euro   | 1.0082    | 1.0180  | 1.0227      | 1.1322      | 1.1675  |
| CNY  | 6.81      | 6.78    | 6.74        | 6.33        | 6.49    |
| Dollar Index   | 107.67    | 106.57  | 106.68      | 96.04       | 93.57   |
| <b>Physical Premiums (Aluminium)</b>                 |           |         |             |             |         |
|  | Today     | 1 day   | 1 month     | 6 month     | Yr Ago  |
| US (\$/lb)   | 0.270     | 0.271   | 0.288       | 0.361       | 0.345   |
| JP (\$/MT)   | 91.26     | 91.53   | 97.00       | 115.16      | 154.76  |
| EU (\$/MT)   | 532.15    | 532.34  | 569.17      | 463.75      | 361.00  |

Source: EDF Man Capital Markets/ Bloomberg