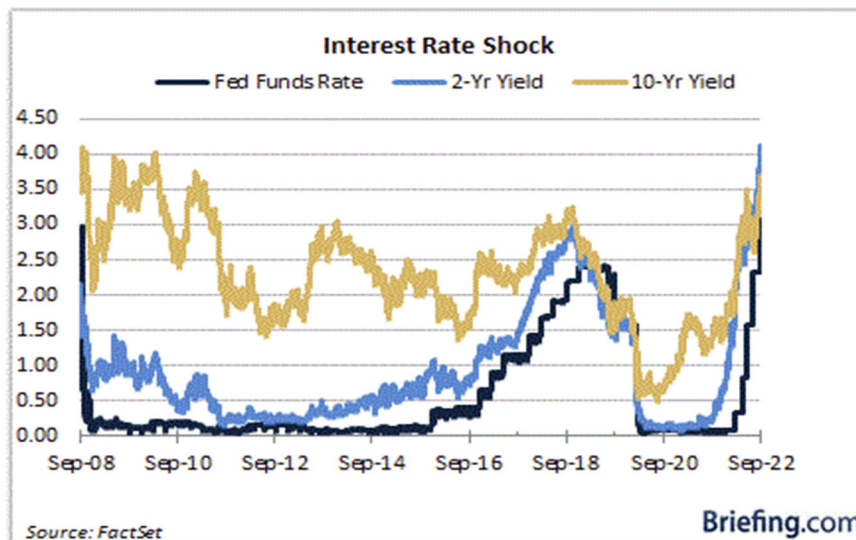
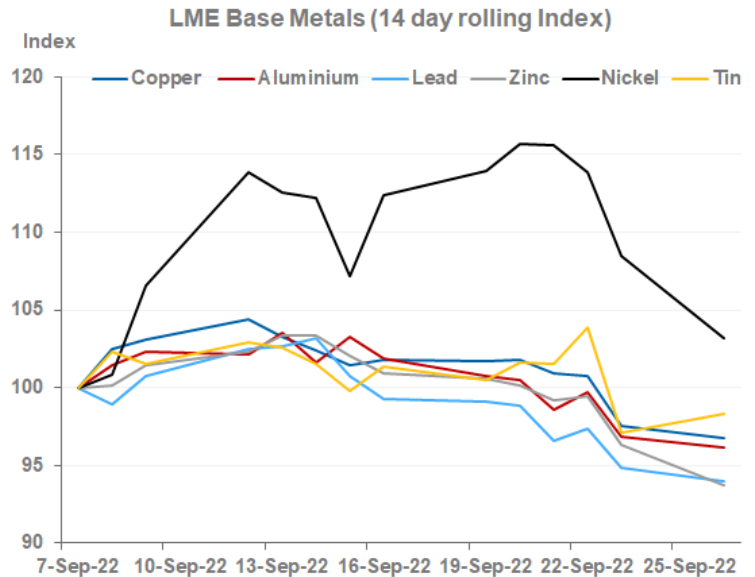


This commentary was written at 10:15 A.M. on September 26, 2022, US EST.

Markets have been getting crushed pretty much across the board since our last report on Thursday, with Friday being a particularly brutal day. US equity markets lost more ground as the Dow fell by nearly 500 points and came within a whisker of entering bear market territory. After several days of holding up reasonably well, commodity market also buckled on Friday, unable to withstand the unrelenting dollar and US rate surge. We chart the dizzying moves in US rates in our chart (below) where we see how quickly they have shot up compared to their historical movements going back 14 years. Last week, the two year gained a stunning 36 basis points to end at 4.21%, the 10-year was up 25 basis points at 3.7%, while the 30-year gained 9 basis points to end at 3.61%.



The US dollar index rode the rate rally, chalking up its biggest weekly advance since March 2020 and ending the week at a 20-year high. The unnerving plunge in sterling on Friday was the main standout in the currency markets, this after the Truss government unveiled a sweeping package of energy subsidies for both business and consumers along with tax cuts said to cost about L60 billion pounds over the next 6 months. All this will be paid by increased borrowing, promptly sending rates higher and knocking sterling down to a 40-year low of 1.0830.

Former US Treasury Secretary Larry Summers was scathing in his assessment of the latest British policy move, saying: "It makes me very sorry to say, but I think the UK is behaving a bit like an emerging market turning itself into a submerging market. Between Brexit, how far the Bank of England got behind the curve and now these fiscal policies, I think Britain will be remembered for having pursued the worst macroeconomic policies of any major country in a long time." In our view, that is an apt description of US policy as well given that government spending has been running amok for much of the last two years while the Fed was asleep at the wheel for much of last year and early 2022 before coming out with guns blazing -- something that is now creating its own set of problems in our view.

Currently in the currency markets, the general dollar index is now up by another quarter of a point, but well off earlier highs. Sterling plunged to an intraday low of 1.0355 earlier but is now at 1.0870 on talk of an emergency rate hike being considered by the Bank of England. We will see what happens, but at least one analyst came out to say that he sees the pound ultimately getting to \$.97. The yen is weaker (now at 144.20, down almost a full yen) and basically shrugging off the impact of BoJ yen buying put through last week. The Euro continues to wallow at 20-year lows and is now at .9660.

In the US treasury markets, the two-year yield is up ten basis points at 4.30% , while the 10-yr note is up ten basis points at 3.79%. All sides of the rate curve are catching up with where the Fed "projects" rates to be as per its latest assessment (at about 4.6% basis the fed funds rate by early next year). In addition, it is becoming increasingly clear – at least for now -- that the Fed is not entertaining a rate pause either.

US equity markets are currently mixed, with the Dow down again, the S&P-500 is mixed, while the NASDAQ is showing a modest advance.

In our markets, zinc is now trading below \$3,000. Copper is flat, recovering from an earlier 1% slide despite yet another 4,300-ton increase in LME stocks. Inventories have now been up for five weeks in a row. But nickel is the biggest percentage mover today, off some 5% earlier and rolling back roughly half of its September advance in just the past two days.

Things are looking quite bleak for gold as the precious metal is now trading at a 27-month low of \$1650. Silver, platinum and palladium were all down earlier as well, but are holding up better than gold in that all three are at least still up for September as a whole.

In the oil markets, WTI crude lost around \$6/rbl last week to close at \$78.74, but we are up by \$.70 right now, presumably on reports that the EU has ditched plans for a Russian price cap (largely unworkable in our view anyway). Despite the modest uptick, WTI's failure to hold \$80 was arguably disappointing as there were those that believed that the US government would be buying crude for the depleted SPR stockpile if prices reached \$80, but that did not happen. Sentiment was also not helped by yet another week whereby the EIA reported US product demand is flagging, trailing last year's mid-September demand reading by over 1.0 mbd.

Gasoline demand continues to be desultory, while diesel's four-week demand average is now at 3.4 mbd, well below last year's 4.1 mbd and on track for a second down month on a year-over-year basis. Energy analyst Andy Lebow notes that "one can make a case where a US recession at least for petroleum demand may have already begun."

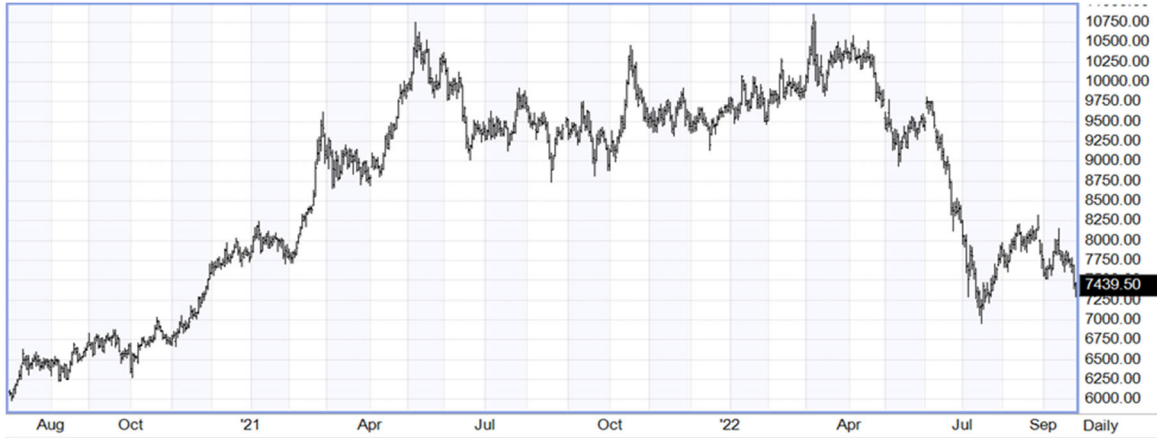
Natural gas futures lost \$.94 last week to close at \$6.82 -- the lowest level since mid-July and values are off another \$.25 right now at \$6.57. Moderating temperatures across much of the US last week and expectations for cooler than normal temperatures this week are key factors pressuring prices lower. (Although a massive hurricane system is threatening Florida, it is not expected to impact energy infrastructure). Dutch gas prices were steady last week closing at \$54.40 or about unchanged from the week before. Prices are down again right now basis the Dutch gas futures contract.

In terms of US macro news, we will be getting the August Chicago national activity index later today, followed by a number of speeches given by various Fed Presidents. On Tuesday, we get August durable goods orders (expected at -.3%, last -.1%), while the closely watched core capital goods number, a proxy for US business spending plans, is expected to be up by 0.2%. The S&P Case Shiller home price index for July comes out on Tuesday as well (expected down 1.7% for a 17% annual increase) as does the September consumer confidence index (expected at 104.5, last 103.2) and July new home sales comes (expected at 505,000, previous 511,000). Wednesday brings us the trade merchandise report for August, a pending home sales index for August and a speech from Fed Chair Jerome Powell on bank competition. On Thursday, we get weekly initial jobless claims, a final estimate for Q2 GDP growth (expected at -.6%) while Friday brings us the key August PCE price index, (expected at +.4% on the core rate, 4.7% annualized), August consumer spending and consumer income, the University of Michigan consumer sentiment index and the Chicago PMI for September (expected at 52, last 52.2). All in all, it should be another busy week.

We are becoming concerned that the runaway dollar could be a source of concern for the Fed and more importantly, for a number of overseas banks. At some point, we would not be surprised to see coordinated dollar repo operations that could perhaps interrupt the dollar surge. That could be a short-term turning point for the markets, but outside of that, we find ourselves still groping for a bottom in a number of complexes.

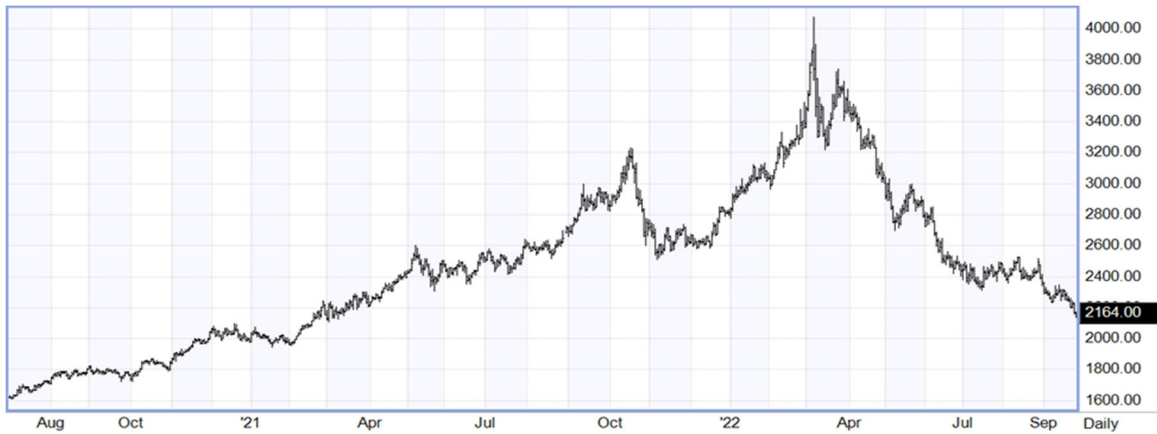
COPPER -- SUPPORT: \$7,211 / RESISTANCE: \$7,785

We are at \$7,439, up \$6. We have been trading between \$7,292-\$7,468 so far today.



ALUMINUM -- SUPPORT: \$2,100 / RESISTANCE: \$2,343

We are at \$2,159, down \$5. We have been trading between \$2,139-\$2,173.



ZINC – SUPPORT: \$2,824 / RESISTANCE: \$3,000

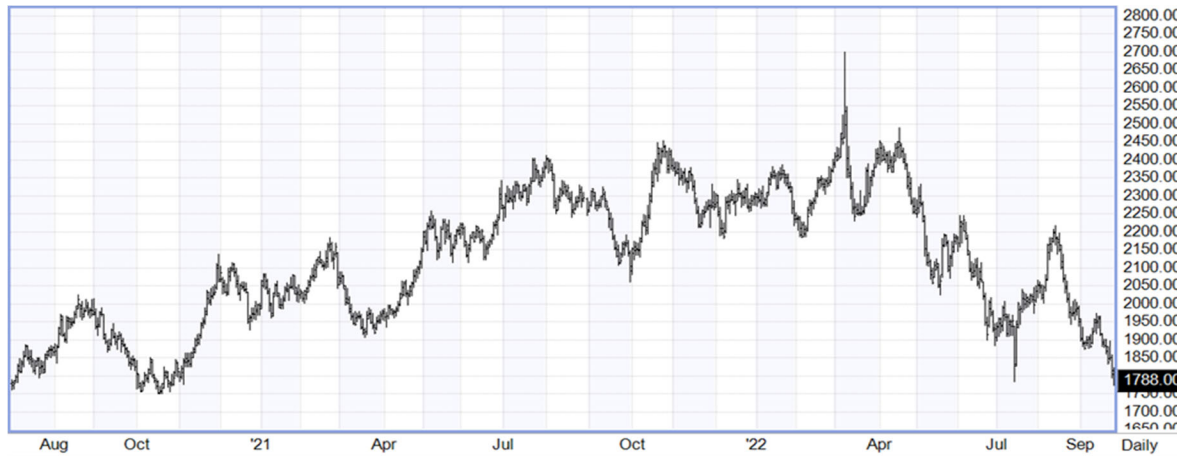
We are at \$2,968, down \$40. We have been trading between \$2,912-\$3,020.

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.



LEAD -- SUPPORT: \$1,750 / RESISTANCE: \$1,850

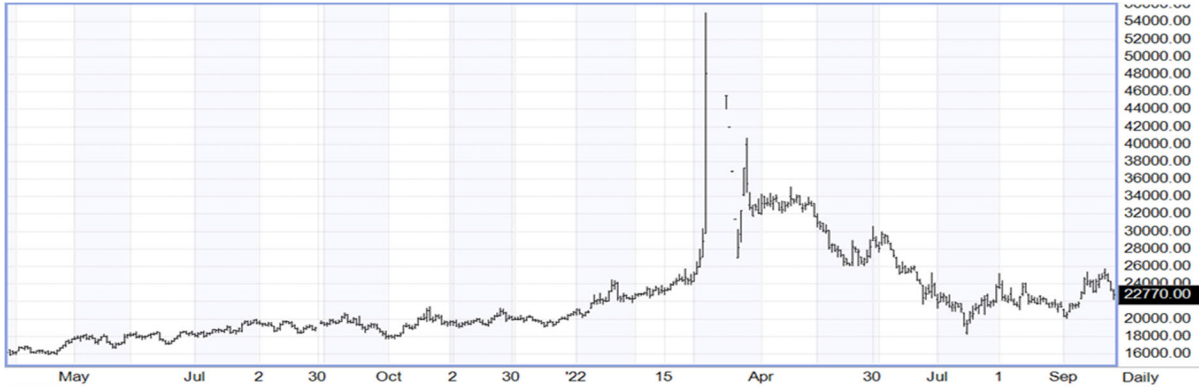
Lead is at \$1,788, down \$16. We have been trading between \$1,773-\$1,823.



NICKEL -- SUPPORT: \$22,000 / RESISTANCE: \$24,090

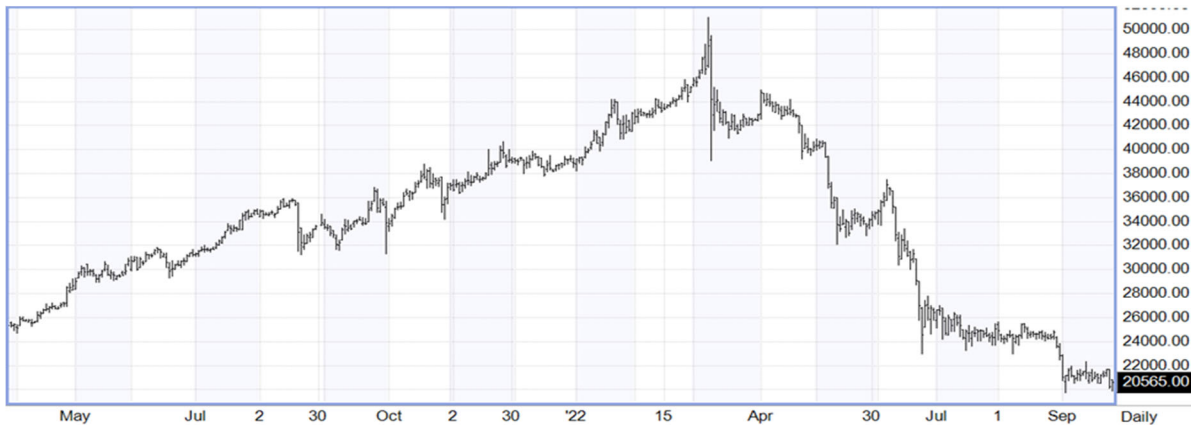
We are at \$22,785, down \$626. We have been trading between \$22,170-\$23,355.

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.



TIN -- SUPPORT: \$19,760 / RESISTANCE: \$22,180

We are at \$20,575, up \$332. We have been trading between \$19,875-\$20,780.



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.

Base Metals Prices and Forward Curve Snapshot

LME Cash	26-Sep-22	Prev Day	Month ago	3M Trend		12M Trend
CU (\$/MT)	7,448	7,739	8,188			
AL (\$/MT)	2,148	2,213	2,503			
PB (\$/MT)	1,775	1,837	1,984			
ZN (\$/MT)	3,020	3,122	3,647			
NI (\$/MT)	23,298	24,482	21,540			
SN (\$/MT)	20,590	21,715	24,939			
LME Frwrds	Cash	3-month	15-month	27-month	63-month	Curve's shape
CU (\$/MT)	7,448	7,377	7,314	7,442	7,472	
AL (\$/MT)	2,148	2,150	2,266	2,369	2,661	
PB (\$/MT)	1,775	1,788	1,810	1,807	1,777	
ZN (\$/MT)	3,020	2,928	2,811	2,576	2,246	
NI (\$/MT)	23,298	22,275	24,088	24,938	26,783	
SN (\$/MT)	20,590	20,500	19,403			
SHFE Front	1 month	3 month	6 month	9 month	12 month	Curve's shape
CU (CNY/T)	61,080	59,780	58,940	58,950	58,880	
AL (CNY/T)	18,395	18,190	17,920	17,855	17,940	
PB (CNY/T)	14,935	14,920	14,905	14,880	14,895	
ZN (CNY/T)	24,485	23,655	23,100	22,490	22,035	
NI (CNY/T)	188,790	183,850	177,490	171,190		
SN (CNY/T)	176,450	169,030	165,300	163,780	162,620	

Base Metals Inventories

Copper	Today	1 day Δ	1 month	6 month	Yr Ago	12M Trend
LME (MT)	129,000	4,275	120,525	80,600	226,175	
SHFE (MT)	36,897		34,898	102,055	44,629	
COMEX (MT)	40,736	-127	47,398	66,312	47,559	
GLOBAL(MT)	206,633	4,148	202,821	248,967	318,363	
Aluminum	Today	1 day Δ	1 month	6 month	Yr Ago	12M Trend
LME (MT)	338,850	-1,500	278,025	678,100	1,281,550	
SHFE (MT)	209,998		204,564	308,942	229,847	
COMEX (MT)	18,760	-90	21,274	23,521	35,350	
GLOBAL(MT)	567,608	-1,590	503,863	1,010,563	1,546,747	
Lead	Today	1 day Δ	1 month	6 month	Yr Ago	12M Trend
LME (MT)	32,975	-50	37,975	38,725	52,550	
SHFE (MT)	73,264		71,822	94,825	205,691	
GLOBAL(MT)	106,239	-50	109,797	133,550	258,241	
Zinc	Today	1 day Δ	1 month	6 month	Yr Ago	12M Trend
LME (MT)	59,500	-1,975	77,050	142,625	217,175	
SHFE (MT)	55,789		90,288	177,826	58,395	
COMEX (MT)	3,036	0	2,699	2,699	2,699	
GLOBAL(MT)	118,325	-1,975	170,037	323,150	278,269	
Nickel	Today	1 day Δ	1 month	6 month	Yr Ago	12M Trend
LME (MT)	51,804	-762	54,846	72,924	164,034	
SHFE (MT)	3,120		3,538	7,415	5,965	
GLOBAL(MT)	54,924	-762	58,384	80,339	169,999	

Technical Profile

	26-Sep-22	1 day	1 month ago	3 month ago	Yr ago
Volume (3-Mnth/lots)					
CU	69,583	39,945	46,067	52,317	36,757
AL	41,384	45,658	62,327	37,260	55,387
PB	12,312	11,589	12,302	10,887	11,038
ZN	21,585	16,972	43,590	23,218	18,935
NI	4,583	5,068	7,373	17,929	18,614
SN	1,276	788	2,431	292	633
Open Int (3-Mnth/lots)					
CU	242,206	236,927	240,687	286,964	310,473
AL	563,725	561,821	580,041	790,983	667,276
PB	91,061	89,407	87,060	105,662	108,520
ZN	194,312	190,306	192,168	191,756	229,431
NI	146,248	146,418	148,535	201,811	277,215
SN	11,447	11,542	11,725	16,173	16,093
Moving Averages & Implied Price Direction					
	Cash	10 MAV	40 MAV	100 MAV	200 MAV
CU ↑	7,448	7,771	7,894	8,327	9,137
AL ↓	2,148	2,239	2,357	2,502	2,831
PB ↔	1,775	1,863	1,986	2,029	2,181
ZN ↓	3,020	3,168	3,411	3,456	3,632
NI ↓	23,298	24,243	22,529	24,003	25,127
SN ↓	20,590	21,106	23,107	27,584	35,065
Support & Resistance					
	S1	S2	R1	R2	RSI
CU	7,211	NA	7,785	NA	29
AL	2,100	2,000	2,343	NA	30
PB	1,750	NA	1,850	NA	26
ZN	2,824	NA	3,000	3,280	24
NI	22,000	20,053	24,090	25,700	43
SN	19,760	19,048	22,180	24,000	36
Market Round-up (Data as on 9:30 am GMT)					
	Today	1 day	1 month	6 month	Yr Ago
Gold	1,638	1,671	1,736	1,954	1,750
Silver	18.48	19.55	18.75	25.60	22.39
Platinum	852	906	855	1,009	980
Palladium	2,056	2,161	2,122	2,390	1,951
WTI	77.64	83.49	93.06	113.90	73.98
Brent	84.89	90.46	100.99	120.65	78.09
WTI Inv (mmbbl)	431	431	418	410	421
Sterling	1.0784	1.1261	1.1744	1.3182	1.3679
Euro	0.9648	0.9836	0.9966	1.0983	1.1720
CNY	7.16	7.08	6.87	6.37	6.47
Dollar Index	113.65	111.35	108.80	98.79	93.33
Physical Premiums (Aluminium)					
	Today	1 day	1 month	6 month	Yr Ago
US (\$/lb)	0.244	0.245	0.266	0.393	0.347
JP (\$/MT)	87.07	87.08	90.65	103.13	172.90
EU (\$/MT)	432.17	438.50	518.81	550.00	382.50

Source: EDF Man Capital Markets/ Bloomberg