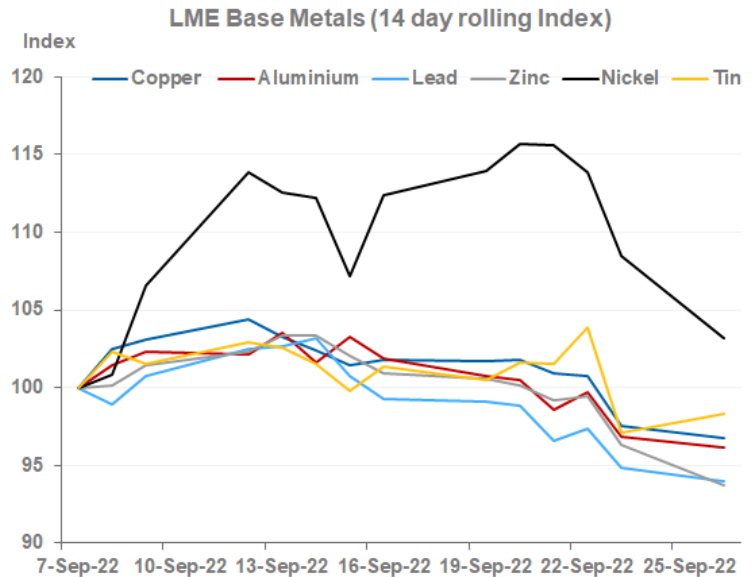


LME Metals Report

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After another market-wide selloff on Monday triggered by spiking US rates and a surging dollar, we are seeing some signs of stabilization and even some green for a change. US equity markets have opened up, giving the commodity space a bit of a lift as well. A slight levelling off in US interest rates and a quarter point selloff in the dollar is triggering today's bounce. We are reading that the long dollar trade has become extremely crowded and so some money is clearing coming off the table. Moreover, as we wrote in yesterday's note, one should not rule out concerted central bank intervention if the dollar rally resumes as its relentless strength could lead to unanticipated issues in other parts of the financial markets.



Metals are mostly higher right now after hitting multi-month and multi-year lows in a number of complexes on Monday. The laggards are aluminum and zinc, both down slightly. Out of China, John Browning reports "home loan interest rates have dropped in 80% of 103 key cities to record lows. For Chinese first-time buyers' loan rates have fallen to 4.1%, while second-home loan rates have fallen to 4.9% as financial regulators endeavor to encourage consumer demand to keep the mainland property market afloat. However other indications are not so positive. Recent land sales in Beijing have been hoovered up by well-connected SOE's with all the developers absent, except one. Similarly, a recent pilot program to support developers' bond issuance has run into issues as many developers' balance sheets are so weak, they do not qualify for the support". In sum, there is no real improvement seen in this key driver of China's economy which more importantly for the metals bulls, is a paramount consumer of metals.

In the energy markets, oil prices are up by about \$1.30/brl, erasing roughly half of Monday's losses. Attention will soon turn to the OPEC+Russia meeting scheduled for next week. The cartel is producing well below its targeted output, meaning that a further cut may not have much impact on supply. In addition, Hurricane Ian has strengthened into a category 3 storm and is expected to make landfall over western Cuba soon before heading to Florida. A number of oil and gas fields in the Gulf have shut down in anticipation.

Precious metals are mostly higher; gold is up \$10/ounce right now at \$1644 and we are seeing modest gains in the rest of the group as well. Reuters reports that China's net gold imports via Hong Kong jumped nearly 40% to more than a four-year high in August, but this is hardly doing much for prices.

In the US treasury markets, rates are pretty much unchanged as the latest durable goods orders report, while softer, is not soft enough. In this regard, we learned that orders were down 0.2% month-over-month in August (consensus -0.1%), while excluding transportation, they increased 0.2% (consensus +0.3%). However, business spending held up remarkably well as reflected in the 1.3% month-over-month increase for nondefense capital goods orders. Separately, the July FHFA housing price Index fell 0.6% after the prior 0.1% increase in June, while the July S&P Case-Shiller Home Price Index came in at 16.1% (consensus 17%) after the prior 18.6% reading in June.

In the currency markets, sterling is holding steady at 1.0750. The Bank of England said on Monday that it was watching developments in the market, perhaps putting the shorts on notice. The Euro is just about flat at .9620, as is the yen, at 144.65.

We will see if the rally we are seeing in the US equity markets is going to be a dead-cat bounce off the June S&P-500 lows (3636), which held on Monday, although by only 8 points. Analysts now expect S&P earnings to have increased by 4.6% over a year-ago, down from the 11.1% expected at the start of July. Earnings for all of 2022 are expected to grow by 7.7% versus 9.5% projected on July 1st.

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

We are at \$7,389, up \$47. We have been trading between \$7,304-\$7,448 so far today.

* The *Financial Times* reported on Monday that **Maike Metals**, one of China's biggest copper traders, is selling assets and studying a broader restructuring plan as it seeks to avert a liquidity crisis. Last month, Reuters reported that Maike was seeking help from the government and banks to alleviate liquidity issues caused by COVID outbreaks along with other problems it was facing.

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

We are at \$2,132, down \$7. We have been trading between \$2,125-\$2,153.

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

We are at \$2,900, down \$23. We have been trading between \$2,895-\$2,968.

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

Lead is at \$1,760, up \$5. We have been trading between \$1,753-\$1,769.



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

We are at \$22,265, up \$59. We have been trading between \$21,950-\$22,635.

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

We are at \$20,955, up \$315. We have been trading between \$20,500-\$21,050.

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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 | |

Source: EDF Man Capital Markets/ Bloomberg

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