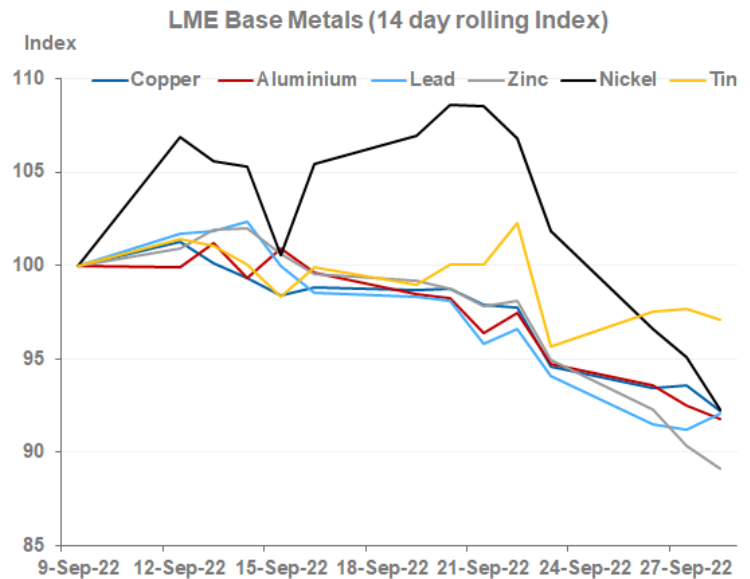


## LME Metals Report

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***This commentary was written at 8:40 A.M.  
on September 28, 2022, US EST.***

Commodity markets are mostly lower in what is turning out to be another frenzied week in the markets. In the metals space, we are seeing losses pretty much across the board. Copper dropped to a fresh two-month low of \$7220 at one point and aluminum marked fresh lows as well, crashing through the \$2100 mark in the last hour. Zinc sank to \$2791/ton earlier, down more than 2%. We are also seeing a 2% decline in nickel, which has now just about erased all of its September gains. Only lead and tin are up on the day. There are modest declines in precious metals; gold and silver are each off by \$1.50 and \$.20, respectively. Oil prices are up by about \$0.55/barrel but are coming off a losing week thus far.



Much of today's action is occurring in the currency markets, where the US dollar index has been on a roller coaster, opening up sharply, then falling and now working its way higher again. Sterling has been at the forefront of all this, trading within a three-cent range of 1.0540-1.0840 already, this after the Bank of England announced that it would buy as much government debt as needed to stabilize markets and added that it would postpone the start of its bond selling program because of market conditions. Earlier, the IMF and Moody's both urged Chancellor Kwarteng to change course, a rather unusual intervention into the financial affairs of a G-7 country. For now, the government seems to be staying put and must be happy to at least get a bit of a "backstop" for its policies from the BoE.

In the US treasury markets, rates have eased somewhat, with the 10-yr yield lifting briefly above 4% for the first time since April 2010 earlier, but yields fell back slightly on the Bank of England announcement. The Treasury will sell \$36 bln in 7-yr notes today following rather weak offerings of 2- and 5-yr notes over the past two days. Two-to-5-year rates are clustered around 4.2% (on average), while the thirty-year is at 3.86%. There is also talk that Treasury Secretary Yellen will be leaving the administration shortly after the midterms.

US equity markets are called to open lower but have shaved earlier losses after the Bank of England announcement came out, perhaps leading to speculation that other central banks may coordinate policy in some fashion, possibly against a surging dollar. Apple is in the spotlight today; shares are down by about 4%, after the company announced that it would be cutting back production of its I-phone 14 due to weak demand and will instead ramp up output of cheaper models. On the plus side, shares of Biogen are up by nearly 50% after a drug developed with a Japanese partner showed a highly statistically significant reduction of cognitive declines in patients with early Alzheimer's.

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We hope to come out with our October monthly outlook over the weekend and are therefore keeping commentary short this week. We also wish our friends and clients along the western Florida coast all the best as they brace for a monster storm that will rip through the region over the next 24 hours.

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

We are at \$7,323, down \$30. We have been trading between \$7,220-\$7,345 so far today.

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**ALUMINUM -- SUPPORT: \$2,000 / RESISTANCE: \$2,343**

We are at \$2,097, down \$16. We have been trading between \$2,080-\$2,115.

\* Reuters reports that **Norsk Hydro** will cut output at two of its Norway plants due to falling European demand. The combined cuts at Karmoy and Husnes correspond to about 10,000-130,000 tons of primary aluminium. Hydro's Norwegian plants produce just over 1 million tons of aluminum annually. "Underlying market trends longer-term will remain positive due to the rising need for aluminium in support of the European green transition," Hydro added.

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

We are at \$2,824, down \$37. We have been trading between \$2,791-\$2,878.

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

Lead is at \$1,797, up \$48. We have been trading between \$1,755-\$1,798.

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**NICKEL -- SUPPORT: \$20,053 / RESISTANCE: \$24,090**

We are at \$21,370, down \$488. We have been trading between \$20,940-\$21,600.

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

We are at \$20,860, up \$180. We have been trading between \$20,155-\$20,995.

## Base Metals Prices and Forward Curve Snapshot

| LME Cash   | 28-Sep-22 | Prev Day | Month ago | 3M Trend |          | 12M Trend     |
|------------|-----------|----------|-----------|----------|----------|---------------|
| CU (\$/MT) | 7,422     | 7,430    | 8,188     |          |          |               |
| AL (\$/MT) | 2,092     | 2,120    | 2,503     |          |          |               |
| PB (\$/MT) | 1,738     | 1,739    | 1,984     |          |          |               |
| ZN (\$/MT) | 2,875     | 2,936    | 3,647     |          |          |               |
| NI (\$/MT) | 21,723    | 22,039   | 21,540    |          |          |               |
| SN (\$/MT) | 20,682    | 20,646   | 24,939    |          |          |               |
| LME Frwrds | Cash      | 3-month  | 15-month  | 27-month | 63-month | Curve's shape |
| CU (\$/MT) | 7,422     | 7,246    | 7,338     | 7,364    | 7,394    |               |
| AL (\$/MT) | 2,092     | 2,099    | 2,221     | 2,334    | 2,663    |               |
| PB (\$/MT) | 1,738     | 1,766    | 1,759     | 1,756    | 1,726    |               |
| ZN (\$/MT) | 2,875     | 2,823    | 2,667     | 2,452    | 2,172    |               |
| NI (\$/MT) | 21,723    | 21,215   | 22,583    | 23,498   | 25,343   |               |
| SN (\$/MT) | 20,682    | 20,550   | 19,875    |          |          |               |
| SHFE Front | 1 month   | 3 month  | 6 month   | 9 month  | 12 month | Curve's shape |
| CU (CNY/T) | 60,980    | 59,490   | 58,540    | 58,550   | 58,230   |               |
| AL (CNY/T) | 18,090    | 17,860   | 17,705    | 17,905   | 17,640   |               |
| PB (CNY/T) | 14,865    | 14,830   | 14,825    | 14,820   | 14,645   |               |
| ZN (CNY/T) | 24,065    | 23,160   | 22,275    | 21,945   | 21,570   |               |
| NI (CNY/T) | 183,190   | 176,600  | 169,410   | 171,300  |          |               |
| SN (CNY/T) | 183,780   | 175,430  | 171,370   | 170,060  | 168,890  |               |

## Base Metals Inventories

| Copper     | Today   | 1 day Δ | 1 month | 6 month   | Yr Ago    | 12M Trend |
|------------|---------|---------|---------|-----------|-----------|-----------|
| LME (MT)   | 133,550 | 2,700   | 120,525 | 80,550    | 226,625   |           |
| SHFE (MT)  | 36,897  |         | 34,898  | 102,055   | 44,629    |           |
| COMEX (MT) | 40,829  | 56      | 47,398  | 66,514    | 48,987    |           |
| GLOBAL(MT) | 211,276 | 2,756   | 202,821 | 249,119   | 320,241   |           |
| Aluminum   | Today   | 1 day Δ | 1 month | 6 month   | Yr Ago    | 12M Trend |
| LME (MT)   | 335,625 | -1,800  | 278,025 | 671,025   | 1,256,450 |           |
| SHFE (MT)  | 209,998 |         | 204,564 | 308,942   | 229,847   |           |
| COMEX (MT) | 18,310  | -248    | 21,274  | 23,498    | 33,524    |           |
| GLOBAL(MT) | 563,933 | -2,048  | 503,863 | 1,003,465 | 1,519,821 |           |
| Lead       | Today   | 1 day Δ | 1 month | 6 month   | Yr Ago    | 12M Trend |
| LME (MT)   | 32,750  | -175    | 37,975  | 38,725    | 52,375    |           |
| SHFE (MT)  | 73,264  |         | 71,822  | 94,825    | 205,691   |           |
| GLOBAL(MT) | 106,014 | -175    | 109,797 | 133,550   | 258,066   |           |
| Zinc       | Today   | 1 day Δ | 1 month | 6 month   | Yr Ago    | 12M Trend |
| LME (MT)   | 53,775  | -675    | 77,050  | 142,475   | 214,325   |           |
| SHFE (MT)  | 55,789  |         | 90,288  | 177,826   | 58,395    |           |
| COMEX (MT) | 3,036   | 0       | 2,699   | 2,699     | 2,699     |           |
| GLOBAL(MT) | 112,600 | -675    | 170,037 | 323,000   | 275,419   |           |
| Nickel     | Today   | 1 day Δ | 1 month | 6 month   | Yr Ago    | 12M Trend |
| LME (MT)   | 51,792  | -72     | 54,846  | 72,816    | 160,230   |           |
| SHFE (MT)  | 3,120   |         | 3,538   | 7,415     | 5,965     |           |
| GLOBAL(MT) | 54,912  | -72     | 58,384  | 80,231    | 166,195   |           |

## Technical Profile

|  | 28-Sep-22 | 1 day   | 1 month ago | 3 month ago | Yr ago  |
|--|-----------|---------|-------------|-------------|---------|
| <b>Volume (3-Mnth/lots)</b>                          |           |         |             |             |         |
| CU   | 33,840    | 43,447  | 46,067      | 52,317      | 36,757  |
| AL   | 41,904    | 37,037  | 62,327      | 37,260      | 55,387  |
| PB   | 12,944    | 17,500  | 12,302      | 10,887      | 11,038  |
| ZN   | 24,689    | 24,306  | 43,590      | 23,218      | 18,935  |
| NI   | 8,926     | 8,233   | 7,373       | 17,929      | 18,614  |
| SN   | 1,005     | 1,339   | 2,431       | 292         | 633     |
| <b>Open Int (3-Mnth/lots)</b>                        |           |         |             |             |         |
| CU   | 239,337   | 239,984 | 240,687     | 286,964     | 310,473 |
| AL   | 564,029   | 563,029 | 580,041     | 790,983     | 667,276 |
| PB   | 95,417    | 95,610  | 87,060      | 105,662     | 108,520 |
| ZN   | 194,688   | 192,861 | 192,168     | 191,756     | 229,431 |
| NI   | 145,062   | 145,322 | 148,535     | 201,811     | 277,215 |
| SN   | 11,423    | 11,504  | 11,725      | 16,173      | 16,093  |
| <b>Moving Averages &amp; Implied Price Direction</b> |           |         |             |             |         |
|  | Cash      | 10 MAV  | 40 MAV      | 100 MAV     | 200 MAV |
| CU ↓   | 7,422     | 7,712   | 7,884       | 8,306       | 9,125   |
| AL ↓   | 2,092     | 2,204   | 2,338       | 2,486       | 2,826   |
| PB ↓   | 1,738     | 1,838   | 1,977       | 2,023       | 2,178   |
| ZN ↓   | 2,875     | 3,103   | 3,385       | 3,435       | 3,628   |
| NI ↓   | 21,723    | 23,740  | 22,445      | 23,835      | 25,145  |
| SN ↓   | 20,682    | 21,030  | 22,998      | 27,383      | 34,969  |
| <b>Support &amp; Resistance</b>                      |           |         |             |             |         |
|  | S1        | S2      | R1          | R2          | RSI     |
| CU   | 7,211     | NA      | 7,785       | NA          | 26      |
| AL   | 2,000     | NA      | 2,343       | NA          | 26      |
| PB   | 1,750     | NA      | 1,850       | NA          | 28      |
| ZN   | 2,824     | NA      | 3,000       | 3,280       | 20      |
| NI   | 20,053    | NA      | 24,090      | 25,700      | 37      |
| SN   | 19,760    | 19,048  | 22,180      | 24,000      | 37      |
| <b>Market Round-up (Data as on 9:30 am GMT)</b>      |           |         |             |             |         |
|  | Today     | 1 day   | 1 month     | 6 month     | Yr Ago  |
| Gold   | 1,621     | 1,624   | 1,736       | 1,940       | 1,736   |
| Silver   | 18.26     | 18.41   | 18.75       | 25.18       | 22.43   |
| Platinum   | 840       | 850     | 855         | 991         | 960     |
| Palladium  | 2,077     | 2,036   | 2,122       | 2,239       | 1,854   |
| WTI  | 78.33     | 76.71   | 93.06       | 105.96      | 75.29   |
| Brent  | 86.17     | 84.06   | 100.99      | 112.48      | 79.09   |
| WTI Inv (mbbl)                                       | 431       | 431     | 427         | 412         | 421     |
| Sterling   | 1.0705    | 1.0689  | 1.1744      | 1.3088      | 1.3537  |
| Euro   | 0.9587    | 0.9609  | 0.9966      | 1.0985      | 1.1683  |
| CNY  | 7.23      | 7.14    | 6.87        | 6.37        | 6.46    |
| Dollar Index   | 114.42    | 114.10  | 108.80      | 99.09       | 93.77   |
| <b>Physical Premiums (Aluminium)</b>                 |           |         |             |             |         |
|  | Today     | 1 day   | 1 month     | 6 month     | Yr Ago  |
| US (\$/lb)   | 0.244     | 0.244   | 0.266       | 0.393       | 0.347   |
| JP (\$/MT)   | 87.06     | 87.06   | 90.65       | 103.18      | 173.00  |
| EU (\$/MT)   | 425.08    | 430.76  | 518.81      | 550.00      | 382.81  |

Source: EDF Man Capital Markets/ Bloomberg