[TACTICAL ALERT] [ASSET: HG1] [HORIZON: 1-26 WEEKS]

# Copper is printing a record close under intact resistance

A quantitative and macro evaluation of the July 2026 breakout anomaly, the COMEX-LME arbitrage binary, and structural positioning.

**Trigger:** Continuous HG1 Series | **Filter:** 2000–Present, 8-week de-cluster.

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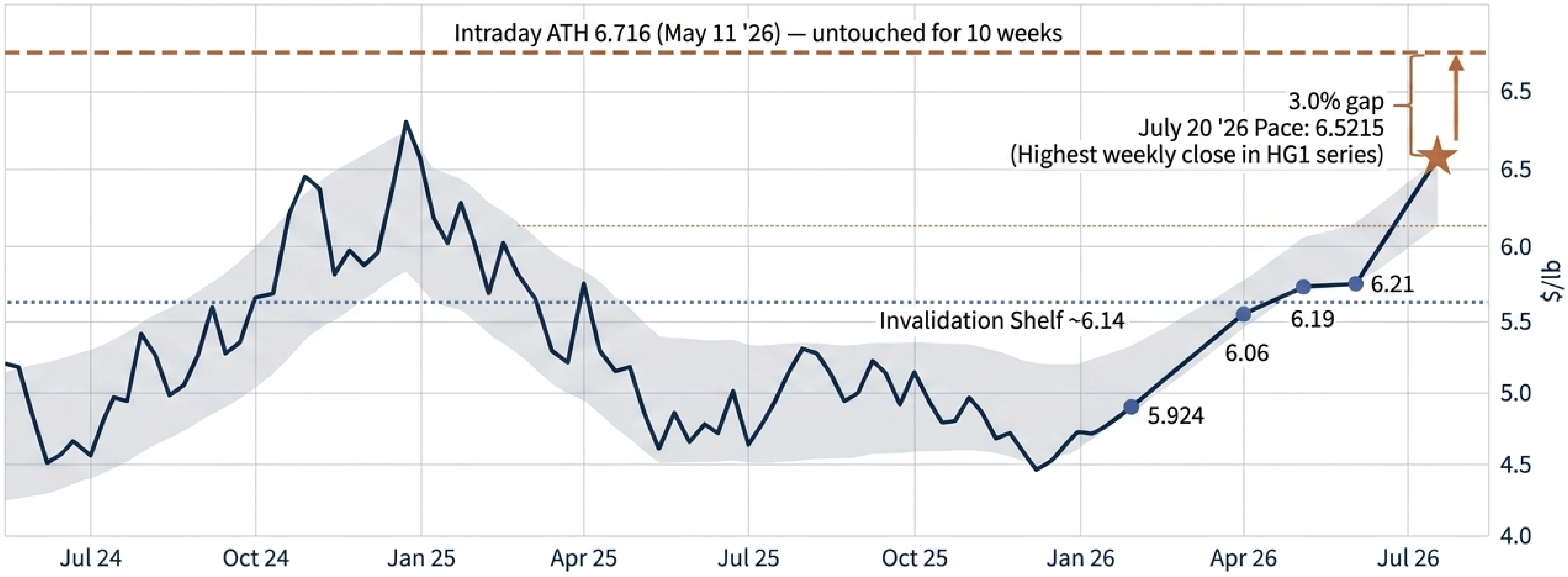
[SITUATION: THE ANOMALY]




The event class is precise: a new record weekly close while the week's high remains below the prior record intraday high. A close-basis breakout under intact resistance.

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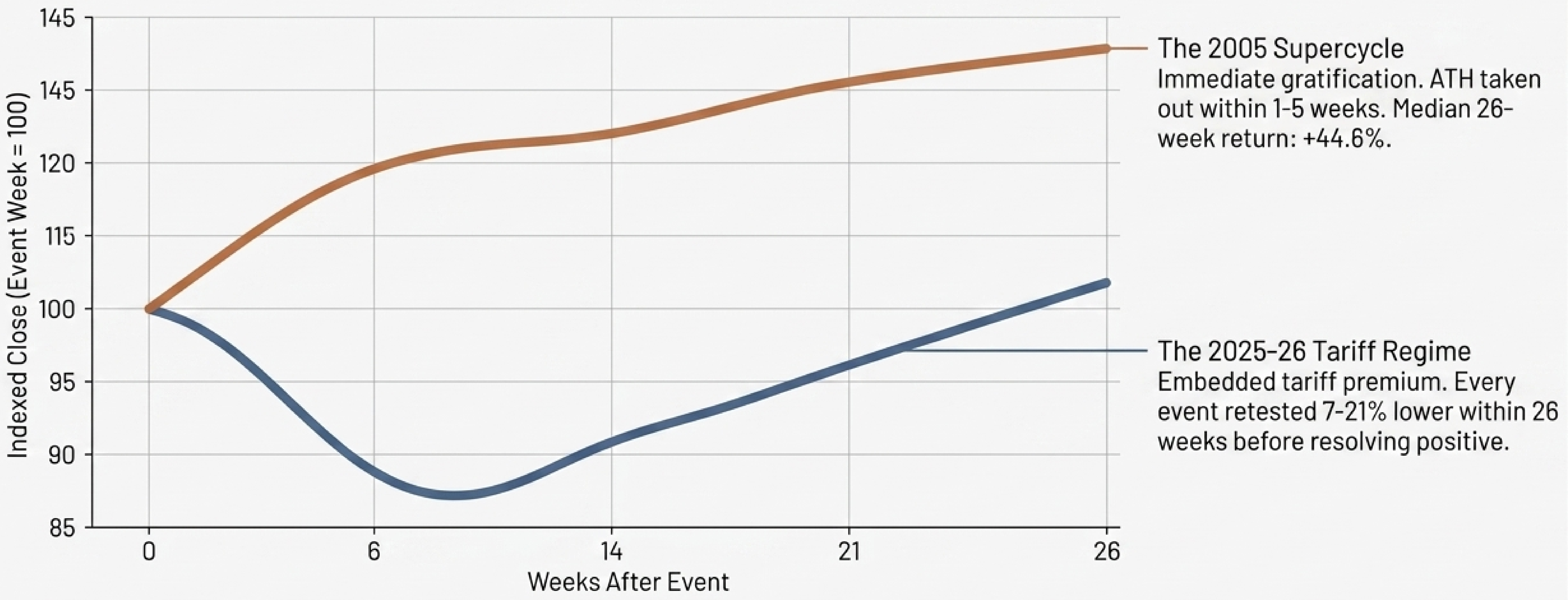
## [REGIME DIVERGENCE IDENTIFIED]




The current event sits structurally in the 2025-26 regime. The modal path dictates a near-term drawdown, not an anomaly continuation.

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# [QUANTITATIVE COHORT DIAGNOSTIC]

| Metric | 2005 Supercycle | 2025-26 Regime |
|---|---|---|
| Staleness at Trigger | Fired within 1 week of ATH | Fired 4-43 weeks stale (Current: 10 weeks) |
| Median 4-Week Path | +1.4% | -7.3% |
| Median 26-Week Path | +44.6% | +5.2% |
| Worst Max Drawdown | -11.7% | -21.2% (Every event saw 7-21% pain threshold) |

**CLOSEST ANALOG: Jun 30 '25**

14 weeks stale, 4.5% gap. It preceded a -13.7% tariff-exemption collapse over four weeks, but still finished +10.7% at 26 weeks.

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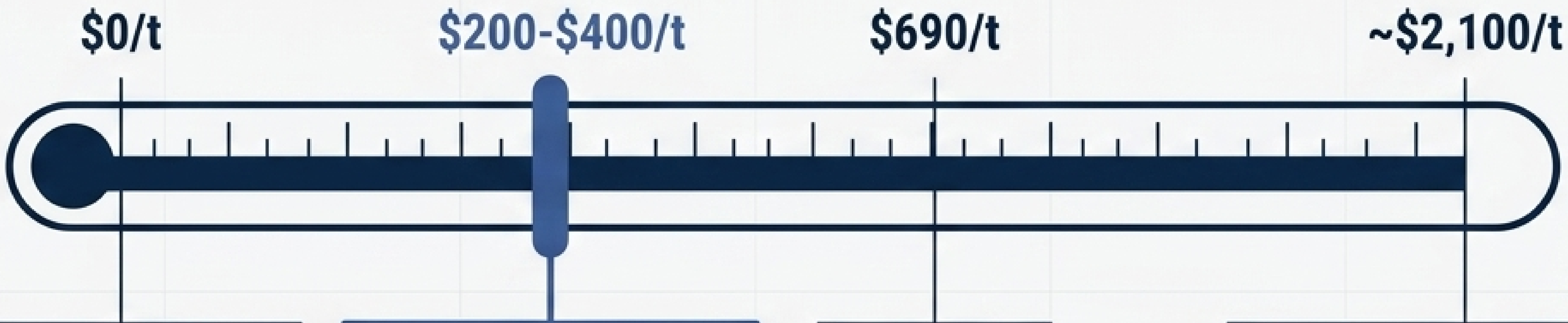
# [MACRO ARB VALUATION]




Late June arb cargo landing / Zero premium

**Current Pricing:** Market paying 10-20 cents on the dollar for tariff outcome

Early June run-up

Full 15% statutory phase-in priced at current levels

**The US is pre-stocked. This structurally caps the upside on a ‘Yes’ (destocking) and severely loads the downside on a ‘No’.**

## INVENTORY CONTEXT

**Record Divergence:** COMEX inventories sit at a record ~652kt while LME stocks are near three-month lows (~352kt).

US refined imports are running 2x the 2024 pace.

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# [SCENARIO MAPPING]

| Scenario | Spread Behavior | Trade Implication/HG1 Read-through |
| --- | --- | --- |
| **Refined Tariff Confirmed** | Widens toward (but below) 15%. Stockpiles discount the arithmetic. | Pop, then sell-the-news chop. LME lags. False take-out of 6.716 unless LME confirms. |
| **Delayed (6-12 Months)** [BASE CASE] | Volatile, trapped in \$200-\$400/t range. Stockpiling continues. | Grind higher; the close-basis pattern persists. Repeats 2025-26 modal path (7-15% drawdown risk, positive at +26w). |
| **Exemption / Rejection** [TAIL RISK] | Rapid unwind toward zero. | HG-specific air pocket vs resilient LME. Breaks the higher-low sequence. Weekly close < 6.14 shelf. Event fails like Mar '25. (Tail reference: Jul 30 '25 exemption produced a -22% single-day COMEX move). |

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[TACTICAL BLUEPRINT]

## The Research View (Time Horizon)

Blended evidence supports higher-highs at 13-26 weeks (averaging +25.5%), but 4-8 weeks is a coin flip.

A 7-15% drawdown before resolution is the modal path, not a tail event.

## Discriminators to Monitor [CATALYSTS]

1. **LME Confirmation:** Trend is only "real copper" if LME participates in any take-out of 6.716.
2. **Technical Invalidation:** Monitoring the higher-low sequence above the ~6.14 shelf. Weekly close below reclassifies event as a failed breakout.

## Trade Execution Mechanics

**Warning:** Position sizing requires heavy sample-size discount (n=9).

**Expression:** Fade the immediate breakout. Wait for the structural dip.

**Hedge:** Utilize expressions that neutralize the binary policy tail-risk: LME-linked exposure or HG hedged with a short spread leg. Avoid unhedged long COMEX exposure into the policy window.

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