

China

China's foreign-exchange reserves fell more than expected in June amid increased expectations of capital outflow as the U.S. Federal Reserve raised rates.

The country's hoard of foreign exchange stood at \$3.071 trillion at the end of June, down \$56.51 billion from a month earlier, according to data released by the People's Bank of China on Thursday.

Economists expected China's forex reserves at \$3.105 trillion at the end of June, according to a poll of economists by The Wall Street Journal. Emerging economies are expected to experience capital outflows as the Federal Reserve moved to increase interest rates to rein in soaring inflation (Bloomberg).

Cu

The free-fall in copper prices is already causing pain to China's largest consumers of the metal, with copper-product manufacturers suffering losses and defaults looming from their customers.

Chinese copper fabricators are making losses after the price plunge led to rapid depreciation of their refined-product inventories, consultant Mysteel Global wrote in a note. Their customers, such as producers of electric wires, are renegotiating purchase prices lower and even walking away from existing contracts, it added.

Copper, seen as a barometer of the global economy, has plunged more than 30% from a March record as mounting recession fears drag industrial metals broadly lower. The LME Metals Index of the six base metals just capped its worst quarter since the 2008 financial crisis. (Bloomberg).

Pb

With the lead price moving all the way down this week, primary lead and secondary lead smelters are reluctant to sell, and the profit of smelters has narrowed due to factors such as tight supply of raw materials and firm raw material prices. Near the weekend, the price difference between secondary refined lead and primary lead is almost close to zero. As such, lead price may show a signal of bottoming out soon. (SMM)

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	7,510	R1	7,767		
S2	7,251	R2	7,914		RSI below 50
S3	6,855	R3	8,114		

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA Resistance band (Black EMA's)
- RSI is below 50 (35)
- Stochastic is at 50
- Price is above the daily pivot point USD 7,510
- The futures found buying support at lower levels yesterday resulting in an intraday bullish rejection candle. Price remains below the EMA resistance band with the RSI below 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 7,510 with the RSI at or below 26 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 8,114 will leave the futures vulnerable to further tests to the downside, above this level the technical has a neutral bias.
- Downside moves below USD 7,291.5 will target the USD 7,215. However, the MA on the RSI at 28 is low, suggesting downside moves could struggle to hold in the near-term. The technical is bearish but momentum indicators are suggesting that resistance levels have the potential to come under further pressure in the near-term. The intraday Elliott wave cycle still suggests that upside moves are countertrend.

Aluminium Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,405		RSI below 50
S2	R2			
S3	R3			

Source Bloomberg

Synopsis - Intraday

- Price is below the EMA resistance band (Black EMA's)
- RSI is below (44)
- Stochastic is at 50
- Price is below the daily pivot point 2,396
- Technically bearish yesterday having made new lows with the divergence needed to be monitored as it warned of the potential for a momentum slowdown. Price has moved higher with the futures testing the base of the EMA resistance band, the RSI is below 50 but intraday price and momentum are aligned to the buy side.
- A close on the 4-hour candle below USD 2,396 with the RSI at or below 38.5 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below 2,474 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. Only above USD 2,536 is the technical bullish.
- Near-term support is at the USD 2,355 low, further support is at USD 2,315 and USD 2,247.
- The technical is bearish with price moving higher on the back of a positive divergence; downside moves to new lows have the potential to create further divergences, suggesting caution on downside moves

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,999	R1	3,204		RSI below 50
S2	2,942	R2	3,285		
S3	2,868	R3	3,395		

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (40)
- Stochastic is above 50
- Price is above the daily pivot point USD 3,040
- As noted yesterday the futures are technically bearish but the divergence needed to be monitored. Price is moving higher but remains below the EMA resistance band with the RSI below 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 2,999 with the RSI at or below 33.5 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 3,395 will leave the futures vulnerable to further tests to the downside, above this level we have a neutral bias. Only above USD 3,629.50 is the intraday technical bullish, at this point the bearish wave cycle will have failed.
- The futures are moving higher on the back of a positive divergence; however intraday wave analysis would suggest that upside moves should be countertrend at this point. Downside moves that create new lows will create further divergences.

Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear	
S1	21,200	R1	21,300	Stochastic oversold	RSI below 50	
S2	20,742	R2				21,989
S3	19,685	R3				23,000

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (37)
- Stochastic is oversold
- Price is below the daily pivot point USD 21,989
- Technically bearish but in divergence with price looking like we are on a bearish wave 5. The futures have rejected the EMA resistance band with the RSI below 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 21,989 with the RSI at or above 44 will mean price and momentum are aligned to the buy side. Upside moves that fail at or below USD 23,902 remain vulnerable to further tests to the downside, above this level we have a neutral bias. Only above USD 25,295 is the intraday technical bullish.
- Price is on a bearish Elliott wave-5 with a potential downside target (using the Williams approach) at USD 19,685. However we remain mindful of the positive divergence that is in play as a new low will create further divergences. This will need to be monitored.

Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	1,963	R1	1,990	RSI above 50	Stochastic overbought
S2	1,989	R2			
S3	1,885	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (49)
- Stochastic is overbought
- Price is above the daily pivot point USD 1,963
- A positive divergence and narrowing EMA bands are warning the trend is becoming less stable. Price is moving higher with the futures now above the EMA band. The RSI is above 50 with price and momentum aligned to the buy side.
- A close on the 4-hour candle below USD 1,963 with the RSI at or below 48 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 1,925 will support a bull argument, below this level we target the USD 1,883 low. Likewise, upside moves above USD 2017.50 will mean that the bearish intraday wave cycle has completed, suggesting the technical will be bullish going forward.
- Technically we remain bearish with a neutral bias with the RSI now above 50 supported by price and momentum. However, until we trade above USD 20,17.50 this bear cycle remains in play.

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