



Base Morning Technical Report

info@freightinvestor.com | freightinvestorservices.com | (+44) 207 090 1120

China

Passenger vehicle sales rose y/y to 1.97m units in June, according to China's Passenger Car Association.

June sales increase 43.2% on month

New-energy vehicle retail sales jumped 130.8% y/y to 532,000 units

June passenger vehicle output 2.22m units, up 44.3% y/y; the monthly change is +31%

NOTE: Passenger vehicles include sedan, MPV, SUV and minivan, according to PCA (Bloomberg).

Base

Base Metal prices are falling as recession risks continue to hit industrial-demand sentiment. Three-month copper prices are down 1.9% to \$7,710 a metric ton while aluminum is down 1.6% to \$2,408.50 a ton. News that China might introduce new stimulus measures rallied prices somewhat on Thursday, but the underlying recessionary sentiment remains, according to analysts. "Oil and commodity desks are likely using steep headline-driven commodity rallies to reduce long exposure" to recession risks--now considered close to baseline, or given--in both the U.S. and Europe, Stephen Innes, managing partner at SPI asset management says. Gold meanwhile is down 0.1% to \$1,738.90 a troy ounce, wavering ahead of U.S. nonfarm payroll data expected today. (Bloomberg).

Copper Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	7,914	R1	7,513	RSI below 50
S2	8,114	R2	7,915.5	
S3	8,271	R3	7,215	

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA Resistance band (Black EMA's)
- RSI is below 50 (39)
- Stochastic is overbought
- Price is above the daily pivot point USD 7,769
- The upside move in the futures has held below the EMA resistance band with price moving lower on the Asian open. The RSI is below 50 with price and momentum conflicting as the futures are trading below the daily pivot level.
- A close on the 4-hour candle below USD 7,769 with the RSI at or below 39.5 will mean price and momentum are aligned to the sell side. Likewise, a close above this level will mean it is aligned to the buyside. 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 will have a neutral bias, whilst downside moves that hold at or above USD 7,513 will support a near-term bull argument.
- The RSI is below 50 with the stochastic in overbought territory, momentum and Elliott wave analysis are warning the futures are vulnerable to further tests to the downside.
- Technically bearish, the EMA band remains stable with upside moves considered countertrend at this point.

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,355	R1	2,424		RSI below 50
S2	2,315	R2			
S3	2,247	R3			

Source Bloomberg

Synopsis - Intraday

- Price is below the EMA resistance band (Black EMA's)
- RSI is below (47)
- Stochastic is overbought
- Price is below the daily pivot point 2,431
- Technically bearish but moving higher yesterday the futures produced a deep pullback meaning we have a neutral bias within a bearish trend. Having traded into (and briefly above) the EMA resistance band yesterday the futures have moved lower on the Asian open, we are now back below the resistance band. Likewise, the RSI is below 50 with price and momentum conflicting.
- A close on the 4-hour candle below USD 2,446 with the RSI at or below 41.5 will mean price and momentum are aligned to the sell side, a close above this level will mean it is aligned to the buy side. Upside moves above USD 2,536 will mean the intraday technical is bullish.
- The RSI is back below 50 with the stochastic in overbought territory, momentum is warning the futures are vulnerable to a test to the downside.
- We still maintain a note of caution on downside moves as the recent rally is on the back of a positive divergence. However, price is rolling over to the downside having rejected the EMA resistance band, with the RSI/Stochastic combo also warning we could weaken further, suggesting support levels could be vulnerable in the near-term.

Zinc Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	3,081		RSI below 50
S2	R2			
S3	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (44)
- Stochastic is overbought
- Price is on the daily pivot point USD 3,878
- As noted yesterday, the futures were moving higher on the back of a positive divergence; however, upside moves were considered countertrend. Price is below the EMA resistance band with the RSI below 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle below USD 3,088 with the RSI at or below 38 will mean price and momentum are aligned to the sell side. Likewise, a close above this level will mean it is aligned to the buyside. Upside moves that fail at or below USD 3,395 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Downside moves below USD 2,942 will confirm the futures are on a bearish wave 5. A new low will mean the minimum requirement for cycle/phase completion will have been achieved. However, using the William's approach we have a potential downside target around the USD 2,534 level.
- Technically bearish, the upside move is considered countertrend at this point. The RSI is below 50 with the stochastic overbought, momentum is warning the futures are vulnerable to a test to the downside.

Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	20,56	R1	21,856	Stochastic oversold	RSI below 50
S2	18,651	R2	22,578		
S3	16,862	R3	23,097		

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (36)
- Stochastic is oversold
- Price is below the daily pivot point USD 21,856
- Technically bearish with price on an Elliott wave 5. The futures are below all key moving averages supported by the RSI below 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 21,856 with the RSI at or above 43.5 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below 23,804 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- The futures have now achieved the minimum requirement for wave/phase completion, Using the Williams approach we have a potential downside target at USD 20,056 (revised up), if we trade below this level we target the USD 18,651 support.

Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	1,925	R1	1,977		
S2	1,885	R2	2,007.5		RSI below 50
S3	1,845	R3	2,017.5		

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (45)
- Stochastic is overbought
- Price is below the daily pivot point USD 1,977
- Technically bearish with a neutral bias based on the deep pullback, the bear cycle remained in play below USD 2,017.5, Price has since moved lower with the futures below the EMA resistance band supported by the RSI below 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 1,977 with the RSI at or above 53.5 will mean price and momentum are aligned to the buy side. Downside moves that hold at or above USD 1,925 will support a bull argument, below this level will warn the USD 1,883 low is bellowing vulnerable.
- The EMA bands remain flat warning this bear trend is no longer stable; however, the technical remains bearish with a neutral bias, price still needs to trade above USD 2,017.5 to confirm that this phase of the cycle has completed.

The information provided in this communication is not intended for retail clients. It is general in nature only and does not constitute advice or an offer to sell, or the solicitation of an offer to purchase any swap or other financial instruments, nor constitute any recommendation on our part. The information has been prepared without considering your investment objectives, financial situation, or knowledge and experience. This material is not a research report and is not intended as such. FIS is not responsible for any trading decisions taken based on this communication. Trading swaps and over-the-counter derivatives, exchange-traded derivatives, and options involve substantial risk and are not suitable for all investors. You are advised to perform an independent investigation to determine whether a transaction is suitable for you. No part of this material may be copied or duplicated in any form by any means or redistributed without our prior written consent. Freight Investor Services Ltd (FIS) is authorised and regulated by the Financial Conduct Authority (FRN: 211452) and is a member of the National Futures Association ("NFA"). Freight Investor Services PTE Ltd ('FIS PTE') is a private limited company, incorporated and registered in Singapore with company number 200603922G, and has subsidiary offices in India and Shanghai. Freight Investor Solutions DMCC ('FIS DMCC') is a private limited company, incorporated and registered in Dubai with company number DMCC1225. Further information about FIS including the location of its offices can be found on our website at freightinvestorservices.com