EMISSIONS | OIL | FERROUS | FREIGHT | AGRI | <mark>METALS</mark> | ENERGY | PHYSICAL FREIGHT |

FIS

Base Morning Technical Report

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

China

China will likely assess the impact of rate cuts on capital flows and prices carefully before deploying interest-rate tools again, according to Bank of America Corp.

"We do not think the PBOC is committed to embarking on a new rate cut cycle," BofA economists including Helen Qiao wrote in a note Tuesday. That outlook comes "against the backdrop of upcoming Fed rate hikes in 2H22 and the PBOC's rising concerns on inflation risks."

Less-than-expected cut on the 1-year loan prime rate sends a mixed signal

"This baby step rate cut indicates the PBOC is not wishing to send too much easing signal, especially to the money market, where the 7-day repo rate is already too low by the PBOC's standard" (Bloomberg).

Αl

Aluminum rose for a third day as an electricity crisis further curtailed output at European smelters, while weakening economic activity darkened the demand outlook.

Aluminum producer Speira GmbH is considering cutting production at its German smelter to 50% of total capacity, as surging energy costs squeeze power-intensive industries across Europe. The energy crisis has already cut half the region's aluminum and zinc production capacity in the past year.

In China, a power crunch amid scorching temperatures has disrupted metal production, with Sichuan province shutting down all local operational aluminum smelters, or 2.4% of the country's total capacity.

Copper Morning Technical (4-hour)



Synopsis - Intraday Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is at 50 (53)
- Stochastic is above 50
- Price is above the daily pivot point USD 8,100
- The futured have the previous trend support above them, acting as a resistance line with the EMA support band below. The RSI remain above 50 with price and momentum aligned to the buyside.
- A close on the 4-hour candle below USD 8,100 with the RSI at or below 52 will mean price and momentum
 are aligned to the sell side. Key support remains unchanged, the futures are bullish above USD 7,810 and
 neutral below.
- Upside moves above USD 8,214 will creates a second negative divergence, not a sell signal it does warn of the potential for a momentum slowdown.
- Technically bullish with price remaining above key support, there is the potential for this move to have an
 extended 5th wave; however, based on our wave analysis at this point, the futures, although technically bullish are not considered a technical buy.

Aluminium Morning Technical (4-hour)



Source Bloomberg

Synopsis - Intraday

- Price is above the EMA resistance band (Black EMA's)
- RSI is above 50 (53)
- Stochastic is overbought
- Price is above the daily pivot point 2,420
- From a technical perspective little has changed in the sense the futures remain in a consolidation phase. However, we have seen the futures move higher putting price above the EMA resistance band and the RSI above 50, intraday price and momentum is aligned to the buyside.
- A close on the 4-hour candle below USD 2,420 with the RSI at or below 46.5 will mean price and momentum are aligned to the sell side. Upside moves above USD 2,459 will warn that the USD 2,527 fractal resistance is vulnerable
- Technically neutral, the upside move above the EMA band with the RSI above 50 is warning that resistance levels could be tested.

Zinc Morning Technical (4-hour)



Synopsis - Intraday

Source Bloomberg

- Price is between the EMA support band (Black EMA's)
- RSI is below 50 (48)
- Stochastic is below 50
- Price is below the daily pivot point USD 3,494
- Another day of sideways action in the futures with price remaining between the EMA support band. The RSI is near neutral at 49.5 with price and momentum conflicting
- A close on the 4-hour candle below USD 3,494 with the RSI at or below 46 will mean price and momentum are aligned to the sell side. Likewise, a close above this level with the RSI at or above 50.5 will mean it is aligned to the buyside. Upside moves that fail at or below USD 3,681 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- The RSI remains below 50 with price moving marginally lower, the stochastic is now neutral.
- Technically bearish the EMA remains flat with price moving sideways, indicating we continue to have a neutral bias within the bearish environment.

Nickel Morning Technical (4-hour)

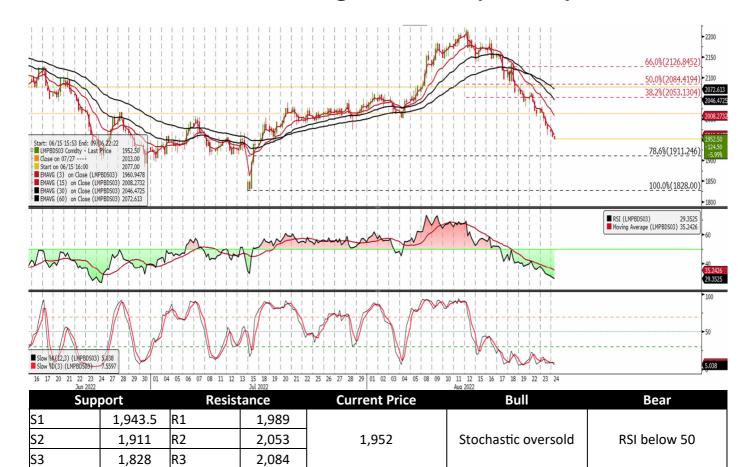


Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (45)
- Stochastic is oversold
- Price is below the daily pivot point USD 21,976
- The futures have seen a downside move with price trading below the USD 2,1650 support on the open. Price is below 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 21,976 with the RSI at or above 50 will mean price and momentum
 are aligned to the buyside. Upside moves that fail at or below USD 23,277 will leave the futures vulnerable
 to further tests to the downside, above this level we target the USD 24,090 fractal resistance.
- Technically bullish with a neutral bias due to the depth of the pullback, we are seeing price and momentum
 weakening, warning the USD 21,020 support could come under pressure. A close below on the 4-hour candle
 below USD 21,740 will further support a weakening technical.

Lead Morning Technical (4-hour)



Synopsis - Intraday

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (29)
- Stochastic is oversold
- Price is below the daily pivot point USD 1,989
- We had previously noted that the technical although bullish had warning signs that we could correct due to the length of the last upside wave. The futures have now traded below USD 2,001 meaning the technical is now bearish. Price remains below all key moving averages supported by the RSI below 50, intraday price and momentum are aligned to the sell side.

Source Bloomberg

- A close on the 4-hour candle above USD 1n989 with the RSI at or above 37.5 will mean price and momentum
 are aligned to the buyside. Upside moves that fail at or below USD 2,126 will leave the futures vulnerable to
 further tests to the downside.
- Technically bearish, the RSI is making new lows with the averages starting to widen, suggesting upside moves should be considered as countertrend at this point.

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 <u>freightinvestorservices.com</u>