

## China

There is still room for China to further cut banks' reserve requirement ratio as well as interest rates in 2023, China Securities Journal says in a front-page report Wednesday, citing analysts.

China's central bank may implement further RRR and interest rate cuts in the first half of this year to ensure "reasonably abundant liquidity" and lower financing cost for the real economy, report cites China Merchants Bank's research house as saying

China is expected to continue lowering interest rates for the real estate industry this year (Bloomberg).

## Cu

Copper extended gains to a fifth day, rising toward \$9,000 a ton as investors bet upcoming US data will show further softening of inflation.

The key industrial metal is trading at the highest level since June after rebounding in the past two months. Bets on aggressive interest-rate hikes slowing in the US, along with China's exit from stringent Covid restrictions as it introduces a slew of property-sector stimulus measures, are brightening the demand outlook for commodities. (Bloomberg)

## Al

China's aluminum exports are likely to recede from last year's record levels as the threat of recession looms over buyers in western nations.

The spike in energy prices following Russia's invasion of Ukraine curtailed the production of the metal, particularly in Europe, forcing traders to tap extra Chinese supplies. After peaking in May, exports from the world's top producer rose to an all-time high in 2022, helping to prop up prices in China as its own economy slowed.

Now, that dynamic is shifting as Beijing reopens after three years of Covid Zero curbs while the global economy weakens and western nations weigh new tariffs on Chinese metals as part of a bid to fight carbon emissions. In the meantime, smelters in China continue to expand and will need to find new markets.

London-based commodities consultancy CRU Group expects its broad measure of China's exports of aluminum products, including beverage cans and screws, to slide 0.9% to 8.56 million tons in 2023, according to a briefing on Tuesday.

# Copper Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	8,898	R1	9,017	8,967	RSI above 50	Stochastic overbought
S2	8,871	R2	9,098			
S3	8,835	R3	9,178			

## Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (70)
- Stochastic is overbought
- Price is above the daily pivot point USD 8,871
- Technically bullish with downside moves considered to be countertrend yesterday, having seen a small pull-back on the previous days open the futures have continued in the upward trend. Price is above all key moving averages supported by the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 8,871 with the RSI at or below 64 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 8,835 will support a bull argument, below this level the technical will have a neutral bias. only below USD 8,757 is the intraday technical bearish.
- The pullback on the open yesterday looks to have been a shallow countertrend Elliott wave 4. We have now entered a bullish impulse wave 5, meaning the minimum requirement for wave/phase completion has been achieved. However, using the William's approach we now have a potential upside target at USD 9,178.

# Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,447	R1	2,460	RSI above 50	Stochastic overbought
S2	2,387	R2			
S3	2,361	R3			

Source Bloomberg

## Synopsis - Intraday

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (64)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,447
- Bullish yesterday, we noted that the daily technical had held above a key support having produced a 3-wave pattern lower; this was followed by the intraday futures making higher highs, warning that resistance levels were now vulnerable. The futures continue to move higher with price above the EMA support band (the averages have crossed to the buyside) with the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 2,447 with the RSI at or below 58 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 2,326 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish with price nearing the USD 2,485 resistance, the RSI is starting to level out, warning buyside momentum is slowing; however, the moving average on the RSI is sloping higher, warning support levels could/should hold if tested in the near-term.

# Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	3,169	R1	3,180	RSI above 50	Stochastic overbought
S2	3,140	R2			
S3	3,108	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (62)
- Stochastic is overbought
- Price is above the daily pivot point USD 3,169
- Bearish but with a neutral bias yesterday due to the depth of the upside move, the daily technical had moved back into bullish territory, warning that the USD 3,249 and USD 3,339 resistance levels were vulnerable. The futures have moved sideways (consolidated) during the previous session with price remaining above the EMA support band whilst the RSI is holding above 50, intraday price and momentum are aligned to the buy side.
- A close on the 4-hour candle below USD 3,169 with the RSI at or below 59 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 3,064 will support a bull argument, below this level we target the USD 2,972.5 fractal support.
- Little has changed in the technical since yesterday, a close on the 4-hour candle above USD 3,202 will warn that buy side momentum is increasing, warning that resistance levels could be tested and broken. Likewise, a close below USD 3,154 will warn that the futures are entering a corrective phase.

# Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	27,100	R1	27,635	Stochastic oversold	RSI below 50
S2	27,075	R2	27,466		
S3	25,865	R3	29,061		

## Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (41)
- Stochastic is oversold
- Price is below the daily pivot point USD 27,635
- Technically bullish with a neutral bias yesterday, downside moves below USD 27,260 had the potential to create a positive divergence with the RSI, the daily technical remained in bullish territory with key support at USD 27,075. The futures opened supported before closing on the intraday at USD 27,260; however, the auction closed higher than this. 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 27,635 with the RSI at or above 45 will mean price and momentum are aligned to the buy side. Upside moves that fail at or below USD 30,371 will leave the futures vulnerable to further tests to the downside, above this level the futures will target the USD 31,975 fractal resistance.
- Technically unchanged from yesterday - The daily technical is bullish, the intraday is bullish but with a neutral bias, downside moves below USD 27,260 have the potential to create a positive divergence with the RSI, not a buy signal, it is warning that we could see a momentum slowdown and will need to be monitored. Key support to follow is at USD 27,075, downside moves below this level will mean the daily technical will have a neutral bias. however, if we hold this level it will support a longer-term bull argument. (Unchanged)



# Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,146.5	R1	2,201	Stochastic oversold	RSI below 50
S2	2,140	R2	2,214		
S3	2,125	R3	2,232		

## Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (43)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,201
- Technically bullish but with a neutral bias yesterday, the daily candle had produced significant upside rejection with price closing in the bottom half of its range. A daily close below USD 2,215 would warn that the USD 2,175.5 fractal support was vulnerable. The futures continued to move lower with price breaking fractal support in the day session, meaning the technical is now bearish. Price is below the EMA resistance band (the averages have crossed to the downside) with the RSI below 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 2,201 with the RSI at or above 50 will mean price and momentum are aligned to the buy side. Upside moves that fail at or below USD 2,257 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, the futures are now trading into the daily EMA support band, suggesting market sellers should be a little cautious here, as the daily RSI is also at 50, making USD 2,257 the key resistance to follow. We also note that the futures are trading in the support zone that formed between the 09 – 21 Dec; however, if we see the 4-hour candle start to close below USD 2,140 then it will further weaken the technical environment. A cautious bear due to the support zone and daily EMA band.

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