

China

China's economy proved more resilient than analysts forecast as a virus wave swept the nation, suggesting the worst of the slump may be over as a challenging recovery begins.

While gross domestic product growth of 3% last year was the second slowest pace since the 1970s, fourth quarter and December data came in better than economists had expected.

Economists see a recovery in coming months once the current Covid wave passes, predicting growth of close to 5% in 2023. But the rebound won't be straightforward: Consumer confidence remains near record lows, the population has started shrinking for the first time in six decades and the property market remains in the doldrums. (Bloomberg).

Cu/Al

Copper extended losses as investors assessed prospects for demand after the top metal consuming economy signaled its recovery could be bumpy.

The Chinese economy expanded 3% last year, the second slowest pace since the 1970s, according to official figures on Tuesday, although the latest growth readings were better than economists had expected. Still, the economy is facing a challenging recovery after years of stringent Covid restrictions.

Copper had risen with other metals since late last year, and hit a seven-month high last week, as China's reopening and expectations of slower rate hikes by the Federal Reserve brightened the outlook for base metals.

Better-than-expected China GDP data has dampened the outlook for more government measures to support the economy, according to Jia Zheng, a trader with Shanghai Dongwu Jiuying Investment Management Co. "The data is pretty solid, although it may affect the release of future stimulus," said Jia. "Investors had been hoping for more stimulus."

A weakening in physical demand signals for copper could undermine bullish sentiment, Bloomberg Intelligence analysts Grant Sporre and Alon Olsha wrote in a note. They said copper may pull back closer to \$8,000 a ton if consumption doesn't improve after China returns from the Lunar New Year break.

Copper fell 0.7% to \$9,045 a ton on the London Metal Exchange as of 7:34 a.m. local time, following a 0.9% decline on Monday. The metal hit \$9,257 a ton on Jan. 13, its highest since June.

Aluminum fell 1% to \$2,594 a ton, retreating from the highest close since June, after China capped another year with record production. That points to resilient Chinese supply — the nation accounts for about half of the world's total output — against a backdrop of global supply tightness. (Bloomberg)

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	9,066	R1	9,142	RSI above 50	
S2	9,007	R2	9,293		
S3	8,927	R3	9,439		

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (58)
- Stochastic is oversold
- Price is below the daily pivot point USD 9,142
- Technically bullish with the futures moving lower yesterday, a close on the 4-hour candle below USD 9,146 warned we could be in the early stages of a corrective phase, leaving the USD 8,927 support vulnerable. We maintained our view based on the Elliott wave cycle that the futures were not considered a technical buy, as the futures were vulnerable to a downside move. Price continues to move lower having closed below the USD 9,146 with the futures now testing the top of the Fibonacci support zone. Price is above the EMA support band with the RSI above 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 9,142 with the RSI at or above 69 will mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 8,927 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.
- Technically bullish but in a corrective phase, the RSI is above 50 with the stochastic in oversold territory, momentum is warning that the futures are vulnerable to a test to the upside, providing the RSI can hold above 50. If the RSI moves below 50 then the stochastic is considered as less relevant. This is leaving us with a conflicting technical, the intraday Elliott wave cycle would imply that the futures move lower, contradicting the momentum indicators. If price and momentum become aligned to the buyside, resistance levels will be vulnerable; however, if we trade to a new high with the RSI in divergence and below its MA, then the technical would suggest caution. The conflicting technical means we have a neutral view, key support to follow is at USD 8,927.

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,485	R1	2,606	RSI above 50	Stochastic overbought
S2	2,440	R2	2,616		
S3	2,380	R3	2,660		

Source Bloomberg

Synopsis - Intraday

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (68)
- Stochastic is overbought
- Price is below the daily pivot point USD 2,606
- A cautious bull yesterday due to the marginal divergence with the RSI on the 4-hour chart, this was more prominent on the 1-hour chart. If price and momentum became aligned to the sell side, followed by a close below USD 2,550 then the USD 2,379 support would be vulnerable. We had a small move to the upside (USD 10.00) followed by the futures moving lower on the Asian open, price is above the EMA support band with the RSI above 50, intraday price and momentum are now aligned to the sell side.
- A close on the 4-hour candle above USD 2,606 with the RSI at or above 72.5 will mean price and momentum are aligned to the buy side. Downside moves that hold at or above USD 2,380 will support a bull argument, below this level the technical will have a neutral bias.
- The technical remains bullish with the 4-hour divergence failing yesterday; however, the 1-hour RSI is in divergence still, suggesting caution at this point, as price and momentum are now aligned to the sell side. A close below USD 2,550 will leave support levels vulnerable. A cautious bull, from a technical perspective the futures are not considered a buy at these levels, as we are vulnerable to a downside move.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear	
S1	3,271	R1	3,286.5	RSI above 50		
S2	3,247	R2				3,307
S3	3,213	R3				3,339

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (59)
- Stochastic is above 50
- Price is below the daily pivot point USD 3,307
- Technically bullish yesterday, the 1-hour technical was in divergence with the RSI, not a sell signal it is a warning that we had the potential to see a momentum slowdown, suggesting caution going forward. The futures did have a test to the upside on the Asian open; however, the move failed to hold, resulting in price moving lower for the rest of the session. We remain above the EMA support band with the RSI above 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 3,307 with the RSI at or above 68 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 3,213 will support a bull argument, below this level the technical will have a neutral bias.
- The technical is bullish, but the 1-hour RSI is in divergence, not a sell signal it is warning we have the potential to see a momentum slowdown. The intraday Elliott wave cycle is a little less clear, we have potentially seen a wave 3 extension, if this is the case then downside moves should be considered as countertrend, and key support should potentially be lower. At this point we are just a cautious bull due to the divergence, as the futures look like they need to move lower in the near-term.

Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	27,080	R1	28,195		RSI below 50
S2	25,664	R2	28,630		
S3	24,655	R3	29,370		

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (46)
- Stochastic is overbought
- Price is above the daily pivot point USD 27,080
- Technically bearish with a neutral bias yesterday whilst the daily technical was bullish but with a neutral bias. we highlighted a corrective 3-wave pattern on the daily chart that initially pulled back to just below the 61.8% Fibonacci retracement, before moving higher. The subsequent correction that followed held at the 78.6% retracement level (USD 25,834 – low at USD 25,915), the technical has a neutral bias, but we do potentially have a bullish Gartley pattern in play on the daily chart. Alongside the breach in the USD 28,195 resistance on Friday, this suggested caution on downside moves. We are bearish with a neutral bias, the futures did roll over to the sell side on Friday's downside move, but we are mindful of the higher timeframe pattern here. The futures did close higher on the day, but price action was limited with the futures remaining below the EMA resistance band whilst the RSI is still below 50, intraday price and momentum are now aligned to the buy side.
- A close on the 4-hour candle below USD 27,080 with the RSI at or below 42 will mean price and momentum are aligned to the sell side.
- Technically little has changed, we remain bearish with a neutral bias but mindful that there is potentially a bullish Gartley pattern in play.

Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,202	R1	2,218.5	RSI above 50	
S2	2,191	R2			
S3	2,173	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA resistance band (Black EMA's)
- RSI is above 50 (50)
- Stochastic is above 50
- Price is below the daily pivot point (USD 2,220)
- Technically bullish on the intraday whilst the daily technical was bearish with a neutral bias. Elliott wave analysis suggests we have potentially already completed a wave cycle, implying caution. However, if we did move to new highs, it would indicate that there is either wave extension, or a larger cycle in play. The futures moved lower but have found light buying support on the Asian open, price is above the EMA resistance band with the RSI neutral at 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle above USD 2,220 with the RSI at or above 53.5 will mean price and momentum are aligned to the buy side; likewise, a close below this level with the RSI at or below 49 will mean it is aligned to the sell side. Downside moves that hold at or above USD 2,202 will support a bull argument, below this level the technical will have a neutral bias.
- The intraday technical remains bullish with price holding support yesterday; however, the stochastic is moving lower with the RSI neutral at 50, if the RSI moves below 50 then the futures could be vulnerable to further tests to the downside. Key level to watch is USD 2,220.

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