

China

China's yuan rebounded from a 7-week low along with easing sell-off in Chinese stocks as investors reassessed signs of economic recovery.

USD/CNH falls 0.1% to 6.9357; USD/CNY drops 0.1% to 6.9230. Both pairs advanced to the highest level since mid-March yesterday

A gauge of Asian currencies steadies

China's high frequency indicators show the economy continued to expand in April, although the strength of the recovery is under scrutiny amid an uncertain global environment and relatively high unemployment (Bloomberg).

Cu

Copper and other industrial metals rallied — after posting sizable drops on Tuesday — on signs economic activity in major commodities consumer China may be picking up.

Bloomberg's aggregate index of eight early indicators for Asia's biggest economy rose one level to 5 in April from a year earlier, largely due to a jump in car and home sales.

Comparisons with last year may overstate the strength in demand, since Shanghai was in lockdown at the time, but the gauge may offer some encouragement to traders who have been waiting for a rebound in Chinese metal consumption. Economists surveyed by Bloomberg now see the country's growth accelerating to 5.6% this year, up from a previous estimate of 5.3%.

Copper rose 1% to \$8,612 a ton on the London Metal Exchange as of 11:36 a.m. in Singapore. Nickel, which plunged more than 5% on Wednesday, climbed 0.6% and aluminum added 0.2%.

Attention now turns to the US, where growth, inflation and wages data due this week will feed the debate on whether there are more rate hikes to come from the Federal Reserve. (Bloomberg)

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	8,605	R1	8,705	Stochastic oversold	RSI below 50
S2	8,535	R2	8,767		
S3	8,486	R3	8,851		

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA Resistance band (Black EMA's)
- RSI is below 50 (35)
- Price is above the daily pivot point USD 8,605
- Stochastic is oversold
- Technically bearish yesterday with near near-term support at USD 8,675 looking vulnerable, we had a note of caution around the daily 200-period EMA at USD 8,700. The futures broke to the downside with price moving below support levels, we remain below all key moving averages supported by the RSI below 50. Intraday price and momentum are conflicting.
- A close on the 4-hour candle below USD 8,605 with the RSI at or below 33.5 will mean price and momentum are aligned to the sell side. Likewise, a close above this level with the RSI at or above 38 will mean it is aligned to the buyside. Upside moves that fail at or below USD 8,851 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, the downside move yesterday means price is more than 161.8% the length of the previous wave whilst the RSI is making new low, suggesting the move is bearish impulse. This would imply that upside moves should be considered as countertrend at this point.

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,324	R1	2,344.5	Stochastic oversold	RSI below 50
S2	2,308	R2			
S3	2,364	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (41)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,342
- Having previously noted yesterday that the futures were bullish but with a neutral bias whilst support levels looked like they could come under pressure. However, we looked at the lower timeframe Elliott wave cycle yesterday we concluded that the technical was in fact bearish. The MA on the RSI continued to suggest that support levels were vulnerable, meaning we maintained our view that the USD 2,353 level could be tested. The futures moved lower with price trading below the USD 2,353 level. We remain 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 2,342 with the RSI at or above 46.5 will mean price and momentum are aligned to the buy side. Upside moves that fail at or below USD 2,364 will leave the futures vulnerable to further tests to the downside, above this level the futures will have a neutral bias.
- Technically bearish, the MA on the RSI implies that momentum remains weak, suggesting resistance levels should in theory hold if tested in the near-term. The RSI has made a new low whilst the intraday Elliott wave cycle would suggest that upside moves should be considered as countertrend at this point, making USD 2,364 the key resistance to follow.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear	
S1	2,626	R1	2,627	Stochastic oversold	RSI below 50	
S2	2,584.5	R2				2,730
S3	2,541	R3				2,777

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (31)
- Stochastic is oversold
- Price is above the daily pivot point USD 2,626
- Technically bearish yesterday, downside moves below USD 2,664 had the potential to create a positive divergence with the RSI. Not a buy signal, it did warn that we have the potential to see a momentum slowdown below this level, suggesting caution on downside breakouts. However, with the RSI recently making a new low, upside were to be considered as countertrend. The MA on the RSI also suggested that momentum was weak, warning resistance levels should in theory hold, if tested in the near-term. The futures continued to move lower resulting in the divergence failing, price is below all key moving averages supported by the RSI below 50, intraday price and momentum are aligned to the buyside, as we have found light buying support in the Asian day session.
- A close on the 4-hour candle below USD 2,626 with the RSI at or below 27.5 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 2,777 will leave the futures vulnerable to further tests to the downside.
- We remain bearish and in trend, intraday Elliott wave analysis continues to suggest that upside moves should be considered as countertrend at this point. The MA on the RSI is starting to flatten, warning sell side momentum is slowing down a little at this point. A downside move below USD 2,584.5 has the potential to create a positive divergence with the RSI. As noted yesterday, the divergence is a warning that we could see a momentum slowdown, it is not a buy signal. Yesterday was a good example of a divergence failure.

Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	23,000	R1	23,480	Stochastic oversold	RSI below 50
S2	22,355	R2			
S3	21,967	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- RSI is above 50 (40)
- Stochastic is oversold
- Price is below the daily pivot point USD 23,682
- There had been little change in the technical yesterday, we remained bearish on the intraday with the MA on the RSI continuing to suggest that momentum remained weak. A close on the 4-hour candle above USD 24,650 would imply that momentum based on price was starting to strengthen, warning the Fibonacci resistance zone could come under pressure. The futures continued to move lower with price remaining 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 23,682 with the RSI at or above 47.5 will mean price and momentum are aligned to the buy side. Upside moves that fail at or below USD 24,136 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- We remain bearish and in trend, the MA on the RSI continues to suggest that momentum remains weak, the RSI has also made a new low, implying upside moves should be considered as countertrend at this point. Intraday Elliott wave analysis supports this.

Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,103	R1	2,118	Stochastic oversold	RSI below 50
S2	2,097	R2			
S3	2,082.5	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (44)
- Stochastic is oversold
- Price is on the daily pivot point USD 2,118
- We noted yesterday that the recent upside move that started on the 17/04 does not seem to have the structure/shape to be bullish impulse, the MA on the RSI had moved a little lower, warning momentum was weakening. However, USD 2,122 was a key Fibonacci support whilst USD 2,117 is the most heavily traded area in the 30 days. This suggested caution on the downside moves, as it was a dangerous area for fresh market shorts to enter due to the support zone; if we did trade below and hold below USD 2,117 then it will strengthen a bear argument. This technical is conflicting a little, suggesting it might be one to avoid in the near-term. The futures did move lower but rejected the downside move into the close, price is slightly higher this morning. The futures are below all key moving averages supported by the RSI below 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle above USD 2,118 with the RSI at or above 50.5 will mean price and momentum are aligned to the buy side; likewise, a close below this level will mean it is aligned to the sell side. Upside moves that fail at or below USD 2,148 will leave the futures vulnerable to further tests to the downside, above this level we target the USD 2,171.5 fractal resistance.
- Technically bullish but with a neutral bias, the MA on the RSI would suggest that momentum remains weak. However, we now have a bullish intraday rejection candle with price closing around the USD 2,117 level for the last 3 candles, suggesting the futures have found value. We remain neutral on this technical until we see price rejecting or closing below and holding below the USD 2,117 level.

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