

China

China's economic recovery showed further signs of imbalance, with manufacturing activity contracting for the first time in months while a surge in holiday travel fuels consumer spending.

The China Caixin manufacturing purchasing managers index dropped to 49.5 last month from 50 in March, pointing to a contraction in factory output for the first time since January, Caixin and S&P Global said in a statement Thursday.

That contrasts with strong tourism figures over the five-day Labor Day holiday, with domestic trips surging 19% above 2019 levels, before the coronavirus pandemic struck. Tourism spending recovered less strongly, though, indicating consumers have become more frugal. (Bloomberg).

Cu

Copper rebounded from its lowest close in four months as metals received a boost from speculation the Federal Reserve is set to pause hiking interest rates, which increased appetite for risk assets.

The rally comes after copper slipped earlier this week, hit by mixed Chinese data and ongoing banking troubles in the US that reignited fears of a recession. The metal has nearly wiped out gains made earlier this year amid a patchy recovery in China's economy and growth concerns in western countries.

Federal Reserve Chair Jerome Powell hinted the US central bank's latest interest-rate increase could be the last one in the current cycle, but stopped short of declaring victory in its battle against rapid inflation. He suggested officials may pause their tightening campaign in June to assess how the economy is responding to tighter credit conditions (Bloomberg).

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	8,487	R1	8,604	Stochastic oversold	RSI below 50
S2	8,426	R2			
S3	8,412	R3			

Synopsis - Intraday

Source Bloomberg

- Price is between the EMA Resistance band (Black EMA's)
- RSI is below 50 (49)
- Price is above the daily pivot point USD 8,487
- Stochastic is oversold
- Technically bearish yesterday, the futures look to potentially be in the early stages of a bearish impulse wave 5; however, confirmation would only come below the USD 8,426 fractal low. Intraday Elliott wave analysis suggested upside moves should be considered as countertrend, providing we have not traded to a new low; we had a potential downside target at USD 8,341 for this phase of the cycle. We noted that below USD 8,426, the futures would create a positive divergence with the RSI. Not a buy signal, it would warn that we had the potential to see a momentum slowdown, which needed to be monitored. The futures traded to a low of USD 8,455 before finding buyside support on the Asian open. Price is between the 8-21 period EMA's with the RSI below 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 8,487 with the RSI at or below 40.5 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 8,834 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- In theory, we are technically bearish with the upside move looking like it should be countertrend, based on intraday Elliott wave analysis. In reality, the Fed hiked rates, with Powell hinting this could be the last hike in the current cycle, resulting in a weaker USD. It could be that the downside wave cycle will complete early on the back of this, but technically at this point we maintain the move is still possibly countertrend, making USD 8,834 the key resistance to follow.

Aluminium Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,327	Stochastic oversold	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 oversold
- Price is below the daily pivot point USD 2,332
- Technically bullish yesterday, the MA on the RSI suggested that momentum remained supported, warning resistance levels were vulnerable. Key support to follow is at USD 2,324. The futures did not produce an upside move yesterday with price moving lower, against our technical expectations. The downside move has resulted in the futures trading below the USD 2,324 support, meaning the technical, although bullish now has a neutral bias. We are seeing light bid support in the Asian session, but price is below the EMA resistance band with the RSI below 50, intraday price and momentum are conflicting, as the previous candle closed above the daily pivot point.
- A close on the 4-hour candle above USD 2,332 with the RSI at or above 51 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 2,363 will leave the futures vulnerable to further tests to the downside, above this level we target the USD 2,387 fractal resistance.
- Technically bullish with a neutral bias due to the depth of the pullback. The move lower produced a rejection candle on the daily technical yesterday, suggesting caution, the MA on the RSI has now flattened. A close on the 4-hour candle below USD 2,322.5 will warn that sell side pressure is increasing, warning the at the USD 2,292 fractal low could be tested and broken. From a buy side perspective, we need to see the futures trade above the USD 2,363 resistance, and close on the 4-hour candle above USD 2,367.5. If we do, then market buyers will want to test the USD 2,387 fractal high. Not a very clean technical, the deep pullback here is a concern; especially as market buyers will need to work harder to achieve a positive close.

Zinc Morning Technical (4-hour)



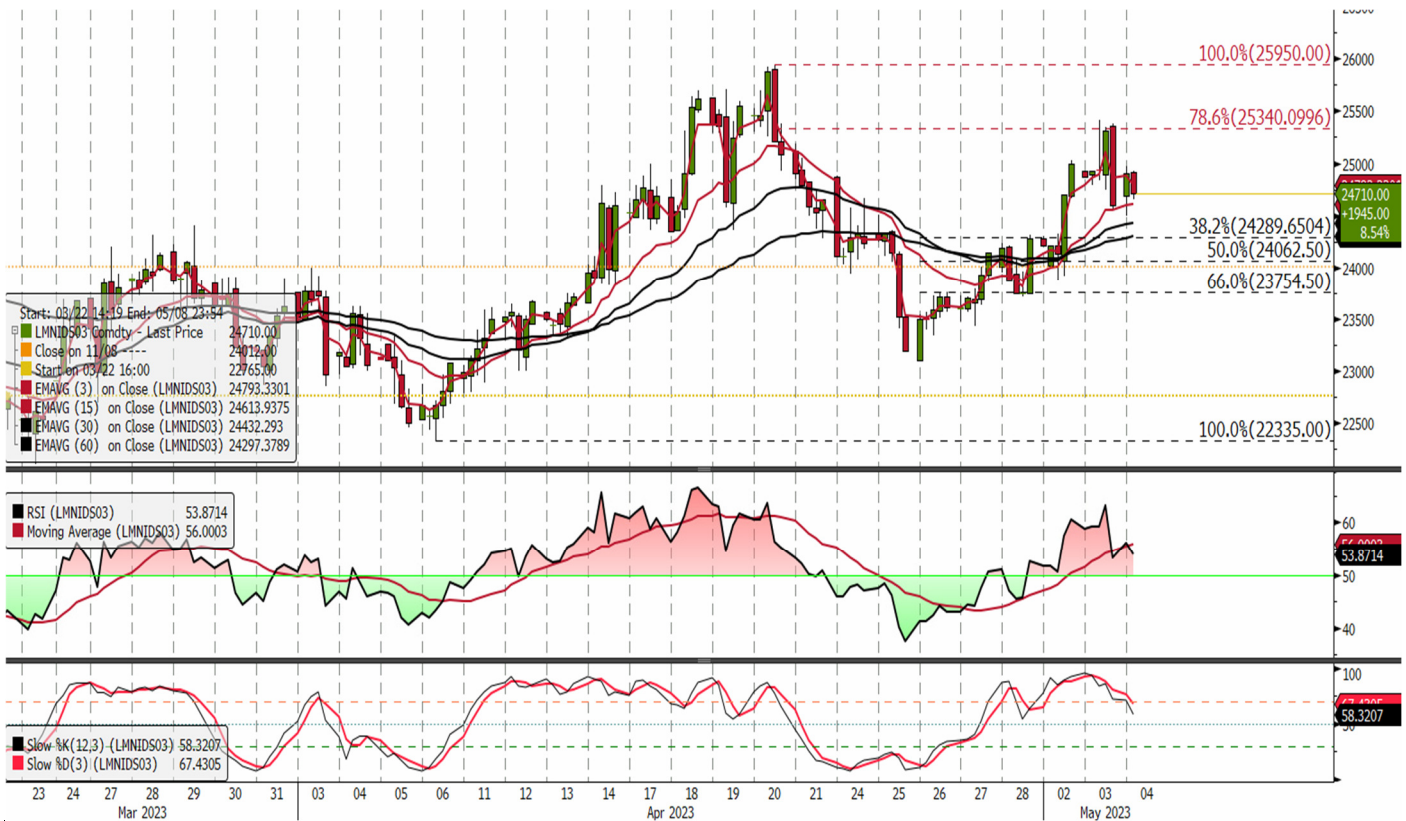
	Support	Resistance	Current Price	Bull	Bear
S1	2,618	R1	2,696		RSI below 50
S2	2,580	R2	2,730		
S3	2,542	R3	2,777		

Synopsis - Intraday

Source Bloomberg

- Price is between the EMA resistance band (Black EMA's)
- RSI is below 50 (48)
- Stochastic is below 50
- Price is above the daily pivot point USD 2,618
- The futures now look to be in a bearish impulse Elliott wave 5 yesterday, meaning we had a potential downside target at USD 2,503. However, as previously highlighted, a new low would create a positive divergence with the RSI, not a buy signal, it warned that we had the potential to see a momentum slowdown on a downside breakout, which needed to be monitored. The futures traded to a low of USD 2,590 before finding buyside support, resulting in price trading into the EMA resistance band on the Asian open. The RSI has move higher but we remain below the 50 level, price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 2,618 with the RSI at or below 39.5 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, above this level the technical will have a neutral bias.
- Technically we remain bearish, the futures have started to consolidate for the last 6 session; however, intraday Elliott wave analysis continues to suggest that we have the potential to trade as low as USD 2,503. Like yesterday, downside breakouts will create a positive divergence with the RSI.

Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	24,620	R1	24,907	RSI above 50	Stochastic overbought
S2	24,289	R2	24,710		
S3	24,062	R3	25,950		

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (54)
- Stochastic is overbought
- Price is above the daily pivot point USD 24,907
- Technically bullish yesterday, the upside move previously had been stronger than anticipated, the MA on the RSI suggested that near-term momentum was supported. The upside move meant that the daily technical was neutral with price trading just above the daily resistance band, but below the 200-period daily EMA at USD 25,124. This was not a very clear technical, as the move higher was supported by momentum, but the daily price was nearing resistance, for this reason we were neutral until a clearer picture developed. The futures initially moved higher, but price failed to hold above the daily 200-period EMA, resulting in a downside move into the close. The futures are 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 24,907 with the RSI at or above 58 will mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 23,754 will support a bull argument, below this level the technical will have a neutral bias.
- The intraday remains technically bullish; however, we remain cautious on upside moves as the futures are trading in the daily resistance band, but price is below the 200-period EMA (USD 25,118). From a technical bias we maintain a neutral view due to the confliction.

Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,120	R1	2,138	Stochastic oversold	RSI below 50
S2	2,110	R2	2,155		
S3	2,093	R3	2,174		

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (46)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,138
- Technically bullish but in a corrective phase yesterday, the RSI had made a new high, suggesting that the corrective move we were seeing was potentially countertrend. The MA on the RSI also suggested that momentum was supported, making USD 2,120 the key level to follow. If broken, it would warn that price action was weakening. The futures sold lower with price breaking the USD 2,120 support into the close, meaning the technical although bullish, now has a neutral bias. Price is below the EMA support 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 2,138 with the RSI at or above 56.5 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 2,155 will leave the futures vulnerable to further tests to the downside, above this level we target the USD 2,174 fractal high.
- Technically bullish with a neutral bias due to the deep pullback. The MA on the RSI is starting to flatten whilst the EMA band is flat. The pullback means we are now lacking bullish impetus making us cautious on upside moves at this point. Neutral.

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