

## China

China's yuan is depreciating at the fastest pace in three months and the central bank, for now, isn't standing in the way.

The offshore yuan, extending its decline to as low as 7.075 Friday, is headed for the biggest weekly loss in three months after the People's Bank of China set the currency's fix weaker than 7 per dollar for the first time since December. Friday's yuan fix stood broadly in line with the average estimate in a Bloomberg survey of analysts and traders.

"At this point, the authorities are allowing the currency to adjust to the dollar strength and not pushing back yet," said Khoon Goh, head of Asia Research at Australia & New Zealand Banking Group. "This will embolden the market to push dollar-yuan higher and test the authorities tolerance level." . (Bloomberg).

## Cu

Copper headed for a fifth weekly loss, the longest streak of declines since July, on deepening concerns over the strength of demand in top consumer China as the country's economic recovery falters.

Copper fell to the lowest in almost six months this week after data showed industrial output, retail sales and fixed investment grew at a much slower pace than expected in April, damping optimism over a post-Covid recovery.

While demand slows, the nation's refined copper output, the world's largest, posted a fresh record last month, as smelters continued to expand and ramp up capacity against a backdrop of elevated refining margins. (Bloomberg)

# Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear	
S1	8,173	R1	8,211		RSI below 50	
S2	8,053	R2				8,401
S3	7,985	R3				8,501

## Synopsis - Intraday

Source Bloomberg

- Price is below the EMA Resistance band (Black EMA's)
- RSI is below 50 (44)
- Price is on/below the daily pivot point USD 8,212
- Stochastic is below 50
- Technically bearish with a neutral bias yesterday, we looked like we could potentially be completing this phase of the cycle that started on the 14/04/23. However, we needed to see the futures trade above USD 8,346.5 for confirmation, as the recent downside move looked to be a higher timeframe wave 3. We highlighted that the move lower that started on the 14/04 was greater in time than the previous move, but shorter in price. For a higher timeframe wave 3, this was unusual, as a wave 3 is normally greater in price. For this reason, we remained cautious on the wave completion in case we witnessed the current wave 3 extending. Momentum suggested we were still vulnerable to another move lower, providing the RSI remained below 50, as the stochastic was overbought. Based on the Analysis in front of us, resistance levels look vulnerable; but this technical was subjective, meaning we had a neutral view within a higher timeframe bearish wave 3. The futures have moved lower with price breaching the USD 8,173 support; however, we are seeing light bid support on the Asian open. Price is below the EMA resistance band with the RSI below 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle below USD 8,212 with the RSI at or below 39.5 will mean price and momentum are aligned to the sell side; likewise, a close above this level will mean it is aligned to the buyside.
- We remain technically bearish, the MA on the RSI would suggest momentum is supported at this point; however, we have seen a breach in the USD 8,173 level. The technical continues to conflict at these levels, we remain cautious on downside moves as the futures are in divergence with the RSI. Like yesterday, concerns about the length of the wave 3, meaning we have more of a neutral bias at this point, as our expectation would have been price trading below USD 7,957 for this phase of the cycle.

# Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,267	R1	2,277		RSI below 50
S2	2,255	R2			
S3	2,238	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is between the EMA resistance band (Black EMA's)
- RSI is below 50 (49)
- Stochastic is above 50
- Price is below the daily pivot point USD 2,285
- The upside move above USD 2,258 previously meant that the pullback was considered as deep, meaning the technical although bearish had a neutral bias. However, the futures were trading within a resistance zone whilst intraday Elliott wave analysis suggested that the upside move looked to be countertrend. Despite the strength of the upside move, we remain vulnerable to a pullback, making USD 2,238 the key support to follow. If this level held, then it could be an early warning that we might not get the bear wave lower that Elliott wave analysis was suggesting. Likewise, if we traded above the USD 2,338 resistance, then the intraday technical would be bullish. The futures traded just above our resistance band before selling lower, price is between the EMA resistance band with the RSI near neutral at 49, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 2,285 with the RSI at or below 53.5 will mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 2,238 will support a near-term bull argument, below this level the futures will target the USD 2,202 fractal low.
- The futures look to be rejecting the resistance zone we highlighted yesterday, but we are yet to see follow through in the Asian day session today with price action trading flat to yesterday's close. The RSI is now below its MA which is starting to flatten, indicating buyside momentum is slowing down. Elliott wave analysis continues to suggest we should see another move to the downside, but the technical is bearish with a neutral bias, the EMA resistance band is now flat whilst the RSI is neutral.

# Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,449	R1	2,481	Stochastic oversold	RSI below 50
S2	2,379	R2	2,516		
S3	2,291	R3	2,552		

## Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (33)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,481
- Technically bearish with a neutral bias yesterday, the futures had traded above but remained below the USD 2,548, meaning we remained vulnerable to downside moves due to the rejection. However, a new low would create further positive divergences with the RSI, leaving us cautious on downside moves. The futures did trade to a new low, creating another divergence. Price is 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 2,481 with the RSI at or above 39 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 2,516 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. Only above USD 2,552 is the technical bullish.
- Technically bearish, the futures are back in divergence with the RSI, not a buy signal it is a warning we have the potential to see a momentum slowdown. For this reason we maintain a cautious view as we continue to see warning signs that this phase of the cycle could soon exhaust.

# Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	20,808	R1	21,065	Stochastic oversold	RSI below 50
S2	20,329	R2			
S3	19,720	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (37)
- Stochastic is oversold
- Price is on the daily pivot point USD 21,079
- Technically bearish yesterday, the futures remained on a wave 5 of an extended Elliott wave 3, meaning we maintained our view that upside moves should be considered as countertrend. Despite the divergence failure, we remained cautious on downside moves. The futures did sell to a new low, but the move has failed to hold, with price moving higher this morning. We remain below all key moving averages with the RSI below 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle below USD 21,079 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 will mean it is aligned to the buy side.
- The new low yesterday meant that the futures have created another positive divergence, resulting in the move higher this morning. We remain cautious on downside moves at this point, as the bearish Elliott wave 3 is potentially completing, meaning we could now be in the early stages of a countertrend wave 4.

# Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,052	R1	2,063		RSI below 50
S2	2,032	R2			
S3	2,023	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (43)
- Stochastic is above 50
- Price is above the daily pivot point USD 2,052
- Technically bearish yesterday, we maintained our view that upside moves should be considered as counter-trend. We remained cautious on downside moves due to the futures being on an Elliott wave 5 of a larger Elliott wave 3. We tested the downside but failed to create a new low, resulting in the futures finding light buying support on the Asian open. We remain below the EMA resistance band with the RSI below 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 2,052 with the RSI at or below 36 will mean price and momentum are aligned to the sell side. upside moves that fail at or below USD 2,107 will leave the futures vulnerable to further testes to the downside, above this level the technical will have a neutral bias.
- Technically bearish with upside moves considered as countertrend, me are now moving higher with the MA on the RSI implying momentum is starting to find support, making USD 2,107 the key resistance to follow. However, we should note that a wave 4 has the tendency to complete between the 38.25 and 50% retracement levels, making USD 2,077 – USD 2,090 an area of interest.

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 [freightinvestorservices.com](http://freightinvestorservices.com)