

China

There is room for reserve requirement ratio to fall further, People's Bank of China Governor Pan Gongsheng says at a briefing. (Bloomberg).

Nickel

Goldman Sachs has warned traders against misconstruing the rally in nickel and lithium as marking the end of the bear market in battery metals, saying that prices will resume their sell-off by as much as 25 per cent.

While lithium and nickel prices have staged a recovery over the past week, with the onshore front-end carbonate contract jumping 25 per cent, Goldman analysts said it was just traders covering their short positions.

The broker said the rebound would be temporary, and predicted that cobalt, nickel and lithium carbonate prices would slump a further 12 per cent, 15 per cent, and 25 per cent respectively over the next 12 months.

"Despite the significant downside in battery metals prices ... we believe it is too early to call a decisive end to these respective bear markets," said Goldman's metal strategist, Nicholas Snowden.

"Recent short covering rallies in both lithium and nickel should therefore not be misconstrued as the end of the bear market."

Battery metal prices have collapsed amid concerns about growing supply and weaker-than-expected demand for electric vehicles. Nickel, lithium and cobalt prices have slumped 60 per cent, 80 per cent and 65 per cent from their cyclical peaks respectively. (Bloomberg).

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	8,447	R1	8,507	RSI above 50	
S2	8,398	R2	8,546		
S3	8,331	R3	8,608.5		

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- The RSI above 50 (51)
- Price is on/below the daily pivot point USD 8,507
- Stochastic is below 50
- Technically bullish yesterday with the futures were moving lower; however, the breach in the USD 8,546 resistance previously warned that the probability of the futures trading to a new low had started to decrease. This suggested that we were potentially in the early stages of a bullish impulse Elliott wave 5. If we did trade below USD 8,427, the technical would suggest caution, as it would imply that we remained in a more complex corrective phase. Sideways to slightly lower yesterday has resulted in the futures trading between the EMA support band. The RSI is near neutral at 51 with price and momentum aligned to the sell side.
- A close on the candle above USD 8,507 with the RSI at or above 56 will mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 8,331 will support a bull argument, below this level the technical will have a neutral bias.
- Unchanged on the technical today. Intraday Elliott wave analysis continues to suggest that downside moves should be considered as countertrend, whilst a move below USD 8,427 will indicate that the corrective phase is becoming more complex. We maintain or view that resistance levels remain vulnerable based on the breach in the USD 8,546 level previously.

Aluminium Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,229.5	RSI above 50	
S2	R2			
S3	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (54)
- Stochastic is below 50
- Price is on/below the daily pivot point USD 2,230
- Technically bearish with a neutral bias yesterday. We noted that the upside rejection candle had been countered by a downside rejection candle, implying there was neutrality in the market. If we traded below the base of the support candle (USD 2,216.5) it would warn that the USD 2,199 support could come under pressure. Likewise, above the high of the bearish rejection candle (USD 2,248.5) would suggest upside continuation. As noted previously, the weekly pivot was at USD 2,219, a close on the daily candle below this level would warn that sell side pressure was increasing. If we held above this level, then the futures will remain supported. The futures are consolidating above the weekly pivot level. We 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 2,230 with the RSI at or above 58.5 will mean price and momentum are aligned to the buy side. Downside moves that hold at or above USD 2,199 will support a near-term bull argument, if broken, then the USD 2,175 fractal low could come under pressure.
- Unchanged on the technical today, we remain bearish with a neutral bias. The futures are consolidating in a range between USD 2,216.5 – USD 2,248.5 (bullish/bearish rejection candles) with price above the weekly pivot level. If we close on the daily chart below USD 2,219 it will warn that the USD 2,216.5 – USD 2,199 support levels could be tested and broken; likewise, a close above yesterday's high (USD 2,241.5) will imply that buy side momentum is increasing, suggesting the USD 2,248.5 – USD 2,269 levels could come under pressure.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,453	R1	2,487	RSI above 50	Stochastic overbought
S2	2,417	R2	2,527		
S3	2,393	R3	2,596		

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (60)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,453
- Technically bearish yesterday, the futures remained supported above the weekly pivot level (revised to USD 2,417). However, the new high previously meant that we now had a negative divergence on the 4 - hour – 2 hour – 1 – hour timeframes. For this reason, the futures are not considered a technical buy at these levels. The futures have traded higher resulting in the 4-hour divergence failing. Price is above all key moving averages supported by the RSI above 50, intraday price and momentum are aligned to the buy side.
- A close on the 4-hour candle below USD 2,453 with the RSI at or below 56 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 2,487 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. Downside moves that hold at or above USD 2,341 will support a near-term bull argument, below this level the USD 2,278 fractal low will start to look vulnerable.
- Technically bearish, we continue to make new highs but remain in divergence on the 2 and – 1 – hour timeframes, warning we still have the potential to see a momentum slowdown. The futures are supported, as price is above the daily and weekly pivot levels, meaning we could trade above the USD 2,487 resistance. If we do, then the probability of the futures trading to a new low will start to decrease. We may move higher, but the lower timeframe divergences are suggesting caution, meaning that from a technical point of view, the futures are not considered a technical buy at these levels.

Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	17,487	R1	17,675	RSI above 50	Stochastic overbought
S2	17,333	R2			
S3	17,211	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (51)
- Stochastic is above 50
- Price is below the daily pivot point USD 17,753
- Technically bullish yesterday, the futures traded to a new high previously, creating a negative divergence with the RSI; however, price and momentum failed to become aligned to the buyside. We noted that we may move higher as we had a potential upside target at USD 18,086; however, based on the momentum indicators, we maintained our view that the futures were not considered a technical buy at these levels. The futures tested but failed to trade above the USD 17,970 high, resulting in price entering a corrective phase. We are above the EMA support band with the RSI near neutral at 51, intraday price and momentum remain aligned to the sell side.
- A close on the 4-hour candle above USD 17,753 with the RSI at or above 59.5 will mean price and momentum are aligned to the buyside. Downside moves that hold at or below USD 17,333 will support a bull argument, below this level the technical will have a neutral bias.
- Unchanged on the technical today. We remain bullish with a potential upside target at USD 18,086; however, due to the futures being in divergence, we do not consider them a technical buy at these levels. If we close below the weekly pivot level on the daily chart (USD 17,565), it will warn that buyside momentum is weakening, meaning we could see the USD 17,333 support be testing and broken. If it is, then the probability of the futures trading to a new high will start to decrease.

Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,031	R1	2,055.5		RSI below 50
S2	2,021	R2			
S3	2,005	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (48)
- Stochastic is above 50
- Price is above the daily pivot point USD 2,049
- Technically bearish yesterday, we had tested but held the USD 2,031 support level. The MA on the RSI was implying momentum weakness; however, we noted that below USD 2,031 it would create a minor positive divergence with the RSI, not a buy signal it warned that we could see a momentum slowdown, which needed to be monitored. The recent low on the RSI did suggest that upside moves had the potential to be countertrend, whilst the longer-term Elliott wave cycle remained bearish. The futures failed to trade lower with price now testing the base of the EMA resistance band, the RSI is below 50 with price and momentum aligned to the buyside.
- A close on the 4-hour candle below USD 2,049 with the RSI at or above 40.5 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 2,116 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, the MA on the RSI is turning higher, indicating we have light momentum support at this point. If we close on the daily chart above the weekly pivot level (USD 2,060), it will warn that resistance levels could come under pressure. However, based on our longer-term Elliott wave analysis, and the recent RSI low, we maintain our view that upside moves look like they could be countertrend at this point.

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