S Base Morning Technical Report

info@freightinvestor.com | freightinvestorservices.com | (+44) 207 090 1120

China

China's effort to boost manufacturing and shore up the economy amid a real estate slump could put "meaningful upward pressure" on US inflation and push back the start of monetary easing, according to new research by the Federal Reserve Bank of New York.

Credit flows to China's factories have accelerated sharply over the past few years, as authorities seek to compensate for diminished lending to the property sector. That's matched by a shift in rhetoric from Chinese leaders as they talk up industrial policy. The new approach stands a chance of boosting China's economic growth above the rates of the past two years, at least in the short term, New York Fed economists wrote in a blog post this week.

If that scenario plays out, the extra demand from Chinese manufacturers would likely push up prices for commodities and intermediate goods, and result in a weaker dollar, according to the New York Fed team. That would "persistently tilt the balance of risks for US inflation to the upside," the economists wrote. "Such an impetus to inflation could potentially delay market expectations for policy easing." Bloomberg)

Copper Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	8,795	R1	8,877			
S2	8,677	R2	8,948	8,851	Stochastic oversold	RSI below 50
S3	8,584	R3	9,091			

Synopsis - Intraday

Source Bloomberg

FI۹

- Price is below the EMA support band (Black EMA's)
- The RSI below 50 (46)
- Stochastic is oversold
- Price is below the daily pivot point USD 8,877
- The futures remained technically bullish but in a corrective phase yesterday with price below the weekly pivot level (USD 8,948), warning that Fibonacci support remained vulnerable. A close on the daily candle above this level would imply buyside pressure was increasing, meaning the USD 9,091 fractal resistance could come under pressure. If broken, then we target the USD 9,164.5 fractal high. The MA on the RSI was flat, suggesting sell side momentum was starting to slow down. Based on our Elliott wave analysis, we maintained our view that downside moves look like they could be countertrend at this point. The futures consolidated yesterday before seeing a small move lower on the Asian open. 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 8,877 with the RSI at or above 50 will mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 8,677 will support a bull argument, below this level the technical will have a neutral bias.
- Unchanged on the technical today, we have seen a small move lower meaning we are below the weekly pivot level (USD 8,948) and EMA support band. If we do trade below the USD 8,677 level, then the probability of the futures trading to a new high will start to decrease. However, our intraday Elliott wave analysis does suggest that the downside move looks like they could be countertrend at this point. The MA on the RSI is suggesting momentum remains weak, but the MA is starting to flatten, implying sell side momentum is showing signs of slowing down. It is only minor, but the stochastic is now in divergence with the RSI, again, warning sell side momentum could be slowing.

Aluminium Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	2,317	R1	2,341			
S2	2,289	R2	2,367	2,318.5	RSI above 50	Stochastic overbought
S3	2,276	R3	2,399			
Cumania	Tushua day	-				

Synopsis - Intraday

Source Bloomberg

FIS

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (59)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,317
- Technically bullish yesterday, the upside move to a new high meant that the futures were now in divergence with the RSI. Not a sell signal, it warned that we had the potential to see a momentum slowdown, which would need to be monitored. For this reason, we were now cautious on upside moves at these levels, as the futures are starting to look vulnerable to a technical pullback. the futures did see a small move higher, before selling lower in the Asian day session. We are above all key moving averages with the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 2,317 with the RSI at or below 57.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 2,276 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the RSI rejected its resistance level; however, the divergence is now questionable as it is so minor. There is now a chance that we could see an Elliott wave extension (it has not been confirmed yet), if we do, then downside moves will be considered as countertrend. This technical is in balance, meaning we are taking a neutral view until it become clear whether we will see a wave extension or not.

Zinc Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	2,479	R1	2,489			
S2	2,445	R2	2,552	2,479	Stochastic oversold	RSI below 50
S3	2,418	R3	2,571.5			
<u> </u>	The family of the					

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (43)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,489
- Technically bullish but in a corrective phase yesterday, our intraday Elliott wave analysis continued to suggest that downside moves had the potential to be countertrend. The new low meant that we now had a marginal positive divergence with the RSI; not a buy signal, it warned that we could see a momentum slowdown which needed to be monitored, suggesting caution on downside moves. The intraday upside move yesterday rejected the weekly pivot level (USD 2,513) resulting in a small move lower in the Asian day session. We are below the EMA resistance band (averages have now crossed) with the RSI below 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 2,489 with the RSI at or above 46.5 will mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 2,445 will support a bull argument, below this level the technical will have a neutral bias. Likewise, upside moves that fail at or below USD 2,552 will leave the futures vulnerable to further tests to the downside, above this level the USD 2,592 fractal high will start to look vulnerable.
- The longer-term trend remains bullish (Elliott wave), but price is still in a corrective phase. The futures are in divergence with the RSI, not a buy signal, it is a warning that we could see a momentum slowdown, which will need to be monitored. For this reason, we remain cautious on upside moves at this point. A close on the daily candle above USD 2,513 (weekly pivot) will warn that buyside pressure is increasing, meaning we could see resistance levels come under pressure.

FIS

Nickel Morning Technical (4-hour)



Synopsis - Intraday

16,719

16,210

S2

S3

Source Bloomberg

RSI below 50

Stochastic oversold

• Price is below the EMA resistance band (Black EMA's)

17,466

17,495

- RSI is below 50 (37)
- Stochastic is oversold
- Price is below the daily pivot point USD 17,076

R2

R3

• Unchanged on the technical yesterday, the futures remained in divergence within a 5-wave pattern lower. This suggested that we looked to be still in a corrective wave-A, the divergence was implying caution on downside moves, with upside moves looking like they could be countertrend. The MA on the RSI was flat, indicating that sell side momentum was slowing down. The futures have traded lower with the 4-hour divergence failing. Price is below all key moving averages with the RSI below 50, intraday price and momentum are aligned to the sell side.

16,905

- A close on the 4-hour candle above USD 17,076 with the RSI at or above 39.5 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 17,983 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 below the USD 17,019 level is warning that the probability of the futures trading to a new high has started to decrease. This fits into our interpretation of the Elliott wave cycle, as we look to be on wave 5 of wave A (the first wave in the corrective cycle is A), meaning upside moves are considered as countertrend at this point. The 4-hour divergence has failed; however, we are in divergence on the lower timeframe, meaning we remain cautious on downside moves at this point.

Lead Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	2,008	R1	2,039			
S2	1,970	R2	2,081	2,028.5	Stochastic oversold	RSI below 50
S3	1,959	R3	2,098			
-						

Synopsis - Intraday

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (37)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,039
- Unchanged on the technical yesterday, we remained bearish with the MA on the RSI still flat, suggesting sell
 side momentum was slowing down. The 1-hour RSI was still in divergence warning we were vulnerable to a
 momentum slowdown, suggesting caution on downisde moves at these levels. The futures have seen a small
 move lower, 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 2,039 with the RSI at or below 35 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. Upside moves that fail at or below USD 2,122 will leave the futures vulnerable to further tests to the downside.
- Unchanged again. We remain bearish with both the 1-and-4-hour RSIs in divergence, whilst the MA on the RSI is flat with price and momentum conflicting. The futures are showing signs of exhaustion, warning we are looking vulnerable to a move higher in the near-term.

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 a uthorised 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 <u>freightinvestorservices.com</u>

Source Bloomberg

2250