

China

Fitch Ratings revised the outlook on China's long-term foreign debt to negative from stable, citing increasing risks to the country's public finance prospects.

Rising economic uncertainties and China's efforts to shift its growth model away from one driven by the property market "have eroded fiscal buffers from a ratings perspective," according to a Wednesday statement by the rating agency.

"Fiscal policy is increasingly likely to play an important role in supporting growth in the coming years which could keep debt on a steady upward trend," it said. "Contingent liability risks may also be rising, as lower nominal growth exacerbates challenges to managing high economy-wide leverage," it added. (Bloomberg)

Cu

Copper extended its rally toward \$9,500 a ton amid supply risks and a brightening outlook for demand.

Prices have risen more than 10% on the London Metal Exchange this year, making copper one of the best-performing industrial metals, after global mine disruptions threatened output from China, the top producer. The outlook for the metal that's vital to the energy transition is also improving as global manufacturing picks up and the Federal Reserve looks to pivot to monetary easing. (Bloomberg)

Zn

Zinc smelters are the latest casualty of overcapacity in Chinese metals markets.

The companies that refine the metal, used to galvanize steel, are grappling with the same collapse in profits that's afflicting the copper industry. China is by far the biggest processor of both and similar conditions apply: too much capacity is coinciding with not enough ore, forcing smelters to drop their fees as they compete for less work. The implication is that production will suffer this year if firms are to protect their margins (Bloomberg).

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	9,438	R1	9,455	RSI above 50	Stochastic overbought
S2	9,399	R2			
S3	9,310	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- The RSI above 50 (65)
- Stochastic is overbought
- Price is above the daily pivot point USD 9,438
- Technically bullish yesterday, the new high meant that the futures were in divergence with the RSI, whilst the RSI was below its average. Not a sell signal, it warned that the futures had the potential to see a momentum slowdown which needed to be monitored. With price and momentum also conflicting, it suggested that the futures were not considered a 'technical' buy at these levels. We have seen a small move higher meaning we remain above all key moving averages supported by the RSI above 50, intraday price and momentum continue to conflict.
- A close on the 4-hour candle above USD 9,438 with the RSI at or above 68 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. Downside moves that hold at or above USD 9,310 will support a bull argument, below this level the technical will have a neutral bias.
- Unchanged on the technical this morning, we remain bullish but in divergence whilst the RSI is below its MA. We have a potential upside target of USD 9,582 based on lower timeframe Elliott wave analysis; however, we are cautious on upside moves due to the divergence. With price and momentum conflicting, the futures are not considered a technical buy at these levels.

Aluminium Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,470	RSI above 50	Stochastic overbought
S2	R2			
S3	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (66)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,455
- Unchanged on the technical yesterday, the futures remained in divergence whilst price and momentum were conflicting, suggesting caution on upside moves. As noted previously, there did look to be a larger bullish Elliott wave cycle in play that suggested downside moves looked like they could be countertrend, making USD 2,341 the key support to follow. If broken, then the probability of the futures trading to a new high would start to decrease. The futures consolidated yesterday before seeing a small move higher in the Asian day session. We are above all key moving averages supported by the RSI above 50, intraday price and momentum continue to conflict.
- A close on the 4-hour candle above USD 2,455 with the RSI at or above 70 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. Downside moves that hold at or above USD 2,342 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, we have seen a small move higher, but we remain in divergence with the RSI below its MA, implying caution on upside moves at these levels. As previously noted, there looks to be a larger, bullish Elliott wave cycle in play, suggesting downside moves should in theory be countertrend. Key support is at USD 2,342, below this level the probability of the futures trading to a new high will start to decrease.

Zinc Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,739	RSI above 50	Stochastic overbought
S2	R2			
S3	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (70)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,691
- Technically bullish yesterday, the new high meant that we remained in divergence on the 4-hour and lower timeframe. Not a sell signal, it warned that we had the potential to see a momentum slowdown, suggesting caution on upside moves. A move below USD 2,603 would warn that the probability of the futures trading to a new high had started to decrease; however, corrective moves lower that held at or above USD 2,502 would imply that we had potentially a larger bullish Elliott wave cycle in play, warning we could see a wave extension to the upside. The MA on the RSI was flat with the RSI below its average, supporting the divergence warnings that we could see momentum slow. We have continued to move higher within the existing trend, meaning the 4-hour divergence has failed. We are above all key moving averages supported by the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 2,691 with the RSI at or below 63.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 2,625 will support a bull argument, below this level the technical will have a neutral bias.
- The futures have seen a strong move higher due to the ongoing situation with smelter margins due to overcapacity. The lower timeframe Elliott wave cycle remains in divergence, meaning we maintain a cautious view on upside moves at this point, despite price and momentum being aligned to the buyside. However, time is a factor in the Elliott wave cycle, due to its ability to change our oscillators, the longer we stay elevated, the greater the timeframe of the candle. If we continue to stay at elevated levels without a significant pullback, then the wave cycle will extend (it has not yet). Likewise, if we pullback and hold above the USD 2,625 level, it will warn that there could be a larger cycle in play (I.E, the current move higher that started on the 27/03 will become the wave one of the larger cycle). We are a cautious bull, but monitoring signs for either wave extension, or a larger bull cycle.

Nickel Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	18,265	RSI above 50	Stochastic overbought
S2	R2			
S3	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (67)
- Stochastic is overbought
- Price is above the daily pivot point USD 18,065
- Technically bullish but with a neutral bias yesterday, the probability of the futures trading to a new low had started to decrease. However, the 1-hour RSI was in divergence, warning that we have the potential to see a momentum slowdown, implying caution on upside moves. Due to the conflicting technical, we had a neutral bias, as we had the upside moves as being potentially countertrend. The futures continue to move higher with the RSI making new highs, we are 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 18,065 with the RSI at or below 60.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 17,111 will support a near-term bull argument, below this level will warn that the USD 16,535 fractal low could come under pressure.
- We had a neutral bias yesterday due to the upside move higher looking like it could be a countertrend wave B; however, the depth of the pullback was countered by a negative divergence with the RSI, meaning we were conflicting on the technical. In theory, this could still be a countertrend Elliott wave B; however, the divergence has failed whilst the probability of the futures trading to a new low is decreasing. We are bullish based on price, but the wave cycle is neutral. If we move to a lower timeframe, we can see that the RSI is also making new highs alongside the 4-hour timeframe, warning support levels could hold if tested in the near-term, meaning the USD 18,590 fractal high is starting to look vulnerable.

Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,149	R1	2,160	RSI above 50	Stochastic overbought
S2	2,103	R2			
S3	2,085	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (63)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,149
- We remained bearish with a neutral bias yesterday, meaning that the probability of the futures trading to a new low had started to decrease. We were in divergence with the RSI on the 4-hour and 1-hour RSIs, warning that we could see a momentum slowdown, implying caution on upside moves. Like yesterday, corrective moves lower that held at or above the USD 2,047 level would warn that there was potentially a larger, bullish Elliott wave cycle coming into play. The futures have moved higher but remain in divergence with the RSI. 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 2,149 with the RSI at or below 59.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 2,059 will support a near-term bull argument, below this level the USD 2,008 – USD 1,995 fractal support zone will be vulnerable.
- Unchanged on the technical today, we remain bearish with a neutral bias, meaning the probability of the futures trading to a new low continues to decrease. Lower timeframe Elliott wave analysis does look to be bullish impulse, suggesting we could trade as high as USD 2,188 within this phase of the cycle. If we do, then the technical is bullish. We are in divergence with the RSI, warning we could see a momentum slowdown, which will need to be monitored, meaning we continue to have a note of caution on upside moves. Downside moves that hold above the USD 2,059 level will warn that there is potentially a larger, bullish wave cycle in play.

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