

China

China's consumer prices barely increased from a year earlier and industrial prices continued to slump, underscoring the deflationary pressures that remain a key threat to the economy's recovery.

The consumer price index rose 0.1% in March from the prior year, the National Bureau of Statistics reported on Thursday. The median forecast of economists in a Bloomberg survey was a 0.4% gain. The inflation rate dropped from 0.7% in February, when it had climbed above zero for the first time in six months during the Lunar New Year holiday. Producer prices fell for an 18th straight month.

The price slowdown suggests China may not get much help from local shoppers to meet growth targets that increasingly rely on selling its manufactured goods abroad. What's more, with US inflation moving in the opposite direction, there's a risk of an enduring interest-rate gap between the world's two biggest economies that could add downward pressure on the yuan. (Bloomberg)

Cu/Zn

Copper resumed gains, while zinc traded near a one-year high, as metals markets looked past delays to US monetary easing to focus on looming risks to supply.

Copper in London hit a 15-month best earlier this week, before pulling back after a stronger-than-expected US inflation print suggested that a Federal Reserve rate cut in June is now off the table. Both copper and zinc face the prospect of reduced supply due to mine curtailments around the globe.

Gains in metals prices, including gold, have triggered the attention of the Shanghai Futures Exchange, which has imposed daily position limits on both copper and bullion futures to tame speculation. Copper's open interest on SHFE has surged to a record and prices on the bourse are near a two-year high.

The move will affect high-frequency trading and speculators, although the impact on prices is hard to gauge for now, said Zhan Dapeng, an analyst with Everbright Futures Co.

But the rally could run into resistance from Chinese fabricators of refined copper, which are mulling production cuts due to difficulties in passing on costs to clients, said researcher Mysteel Global. China's inflation data on Thursday showed factory-gate prices dropping for 18 straight months, indicating that deflationary pressures are entrenched across much of Chinese industry.

Copper rose 0.6% to \$9,428 a ton on the London Metal Exchange as of 11:30 a.m. in Shanghai. Zinc gained 1.6% and aluminum added 0.7%. (Bloomberg)

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	9,411	R1	9,428.5	RSI above 50	
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 (60)
- Stochastic is at 50
- Price is above the daily pivot point USD 9,411
- Unchanged on the technical yesterday, we remained bullish but in divergence whilst the RSI was below its MA. We noted that we had a potential upside target of USD 9,582 based on lower timeframe Elliott wave analysis; however, we were cautious on upside moves due to the divergence. With price and momentum conflicting, the futures were not considered a technical buy at these levels. The futures continue to consolidate near the highs. We are above the EMA support band with the RSI above 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle above USD 9,411 with the RSI at or above 66 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. (Text is unchanged).

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,467	R1	2,470	RSI above 50	
S2	2,410	R2			
S3	2,385	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (61)
- Stochastic is above 50
- Price is above the daily pivot point USD 2,467
- Technically bullish yesterday, we had seen a small move higher, but we remained in divergence, with the RSI below its MA, implying caution on upside moves. As previously noted, there looked to be a larger, bullish Elliott wave cycle in play, suggesting downside moves should in theory be countertrend. Key support was at USD 2,342, below this level the probability of the futures trading to a new high would start to decrease. The futures moved higher before the CPI figures; we came under light pressure after, price is now unchanged from yesterday morning. We are above all key moving averages with the RSI above 50, intraday price and momentum continue to conflict.
- A close on the 4-hour candle above USD 2,467 with the RSI at or above 67 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 2,350 will support a bull argument, below this level the technical will have a neutral bias.
- Like copper, we are unchanged on the technical today. We are bullish with price still in divergence, the RSI is below its MA, implying caution on upside moves. Our Elliott wave analysis is suggesting that downside moves look like they could be countertrend, making USD 2,350 the key support to follow. If broken, then 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	2,741	R1	2,779.5	RSI above 50	Stochastic overbought	
S2	2,707	R2				2,873
S3	2,644	R3				2,890

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (69)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,741
- The futures had seen a strong move higher previously due to the ongoing situation with smelter margins relating to overcapacity. The lower timeframe Elliott wave cycle remained in divergence, meaning we maintained a cautious view on upside moves, despite price and momentum being aligned to the buyside. We noted that time was a factor in the Elliott wave cycle, due to its ability to change our oscillators, the longer we stayed elevated, the greater the timeframe of the candle. If we continued to stay at elevated levels without a significant pullback, then the wave cycle would extend (it had not yesterday). Likewise, if we pulled back and held above the USD 2,625 level, it would 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 were a cautious bull, but monitoring signs for either wave extension, or a larger bull cycle. Having seen a pullback yesterday after trading to a new high, the futures have found bid support in the Asian day session with price once again testing the high. 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 2,741 with the RSI at or below 66 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 2,644 will support a bull argument, below this level the technical will have a neutral bias.
- Unchanged on the technical today, we are yet to see an extension on the existing Elliott wave cycle in play, meaning we are cautious on upside moves due to the divergence on the lower timeframe; above USD 2,795 it will create a divergence on the 4-hour chart. Downside moves that hold at or above USD 2,644 will warn that there is potentially a larger bullish Elliott wave cycle in play.

Nickel Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	18,405	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 (63)
- Stochastic is above 50
- Price is below the daily pivot point USD 18,508
- We noted yesterday that the upside move could still be a countertrend Elliott wave B; however, the divergence had failed whilst the probability of the futures trading to a new low was decreasing. We were bullish based on price, but the wave cycle was neutral. If we moved to a lower timeframe, we could see that the RSI was 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 was starting to look vulnerable. The futures traded to a high of USD 18,900 before seeing an intraday pullback into the close. We are above all key moving averages with the RSI above 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 18,508 with the RSI at or above 66.5 will mean price and momentum are aligned to the buy side. Downside moves that hold at or above USD 17,339 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the futures have traded above the USD 18,590 level on the back of the bullish RSI on both lower and higher timeframes, meaning that the bearish Elliott wave cycle has failed. This would suggest that downside moves should in theory be countertrend, making USD 17,339 the key support to follow. If broken, 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	2,154	R1	2,164	RSI above 50	
S2	2,143	R2	2,188		
S3	2,127	R3	2,213		

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (59)
- Stochastic is above 50
- Price is below the daily pivot point USD 2,164
- Unchanged on the technical yesterday, we remain bearish with a neutral bias, meaning the probability of the futures trading to a new low continued to decrease. Lower timeframe Elliott wave analysis did look to be bullish impulse, suggesting we could trade as high as USD 2,188 within this phase of the cycle. If we did, then the technical would be bullish. We were in divergence with the RSI, warning we could see a momentum slowdown, which needed to be monitored, meaning we continued to have a note of caution on upside moves. Downside moves that held above the USD 2,059 level will warn that there is potentially a larger, bullish wave cycle in play. The futures traded to a high of USD 2,192.5 before entering a corrective phase. We remain above all key moving averages with the RSI above 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 2,164 with the RSI at or above 59 will mean price and momentum are aligned to the buy side. Downside moves that held at or above USD 2,127 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the futures remain in divergence with the RSI, not a sell signal it is a warning that we could see a momentum slowdown, suggesting caution on upside moves at these levels. Near-term support is at USD 2,127; however, corrective moves lower that hold above USD 2,062 will warn that there is potentially a larger, bull cycle in play.

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