



Base Morning Technical Report

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

US

Forecasters expect a monthly report on US employment to show strong job growth continued in April, even as wage pressures kept moderating.

The figures, to be published Friday by the Bureau of Labor Statistics, will probably show employers boosted payrolls by 240,000 last month, according to the median estimate in a Bloomberg survey. Average hourly earnings likely advanced 4% over the last 12 months, which would mark the slowest pace of increase in almost three years.

Robust employment gains coupled with slowing wage growth would support the Federal Reserve's wait-and-see approach on interest rates as officials ponder whether lower borrowing costs will still be appropriate in 2024 following higher-than-expected inflation readings in recent months.

"Another upside surprise to payrolls would further the recent narrative of few or no rate cuts from the Fed," Citi economists Veronica Clark and Andrew Hollenhorst wrote in an April 30 note previewing the numbers. "But Fed officials have been downplaying any hawkish reaction to stronger employment, and a downside surprise to employment would lead to a sharp pricing-in of more Fed rate cuts." (Bloomberg)

Copper Morning Technical (4-hour)



| | Support | Resistance | Current Price | Bull | Bear |
|----|---------|------------|---------------|---------------------|--------------|
| S1 | 9,660 | R1 | 9,813 | Stochastic oversold | RSI below 50 |
| S2 | 9,492 | R2 | | | |
| S3 | 9,262 | R3 | | | |

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- The RSI below 50 (45)
- Stochastic is oversold
- Price is below the daily pivot point USD 9,835
- Technically bullish but with a neutral bias yesterday due to the depth of the pullback. Momentum continued to conflict, as the MA on the RSI implied weakness, but the RSI was above 50 whilst the stochastic was oversold. As noted previously, the break in RSI support warned that resistance levels could hold if tested. The probability of the futures trading to a new high had started to decrease; however, the higher timeframe Elliott wave cycle was yet to confirm that this was a countertrend wave 4.
- The futures continued to sell lower resulting in price trading just below the EMA support band. The RSI is below 50 with price and momentum aligned to the sell side.
- A close on the 4-hour candle above USD 9,835 with the RSI at or above 51.5 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 10,048 will leave the futures vulnerable to further tests to the downside, above the level the technical will be back in bullish territory.
- Technically bullish but with a neutral bias, we maintain our view that the break in RSI support would suggest that resistance levels should hold if tested. We have seen another move lower; however, due to the size of the upside move, we are yet to confirm that this is a corrective Elliott wave 4 on the higher timeframe. The break in the USD 9,856 support does mean that the probability of the futures trading to a new high has started to decrease, suggesting this is looking like it could be a wave 4, but we still need confirmation.

Aluminium Morning Technical (4-hour)



| Support | Resistance | Current Price | Bull | Bear |
|---------|------------|---------------|--------------|-----------------------|
| S1 | R1 | 2,588 | RSI above 50 | Stochastic overbought |
| S2 | R2 | | | |
| S3 | R3 | | | |

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (40)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,550
- Unchanged yesterday, we maintained our view based on Elliott wave analysis that downside moves looked like they could be countertrend. However, the futures were in consolidation whilst the EMA band was flat, implying we lacked directional bias. Price action was neutral.
- The futures have broken to the downside with price now below the EMA support band, the RSI is below 50 with intraday price and momentum aligned to the sell side.
- A close on the 4-hour candle above USD 2,550 with the RSI at or above 49 will mean price and momentum are aligned to the buy side. Downside moves that hold at or above USD 2,429 will support a bull argument, below this level the technical will have a neutral bias. Likewise, upside moves that fail at or below USD 2,631 will leave the futures vulnerable to further tests to the downside, above this level, the USD 2,688 fractal resistance could be tested.
- Technically bullish, the MA on the RSI is implying that momentum is weakening with price moving away from the weekly pivot level (USD 2,604). However, below USD 2,522 the futures will be in divergence with the RSI on the 1-hour timeframe, warning we could see a momentum slowdown. Our intraday Elliott wave analysis continues to suggest that downside moves look to be countertrend, making USD 2,429 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 | 2,891 | R1 | 2,891 | RSI above 50 | |
| S2 | 2,846 | R2 | | | |
| S3 | 2,835 | R3 | | | |

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (52)
- Stochastic is above
- Price is above the daily pivot point USD 2,888
- Technically bullish with a neutral bias yesterday, momentum was conflicting. The MA on the RSI warned of weakness, but the RSI was above 50 whilst the stochastic was oversold, implying we could move higher. We had a neutral view on the technical, as we were expecting one more test to the upside; however, the Nyrstar news had brought this into question. If we did trade above the USD 2,974 fractal high, then the futures would be in divergence with the RSI, suggesting caution on upside breakouts.
- The futures had a small move higher, but we are struggling to hold in the Asian day session. We remain above the EMA support band with the RSI above 50, intraday price and momentum continues to conflict.
- A close on the 4-hour candle above USD 2,888 with the RSI at or above 55.5 will mean price and momentum are aligned to the buy side. Likewise, a close below this level will with the RSI at or below 51 will mean it is aligned to the sell side.
- Unchanged again today as the futures continue to lack a directional bias. We remain bullish with a neutral bias and maintain a cautious view on upside moves above USD 2,974 as price will be in divergence with the RSI.

Nickel Morning Technical (4-hour)



| | Support | Resistance | Current Price | Bull | Bear |
|----|---------|------------|---------------|---------------------|--------------|
| S1 | 18,336 | R1 | 18,750 | Stochastic oversold | RSI below 50 |
| S2 | 18,061 | R2 | | | |
| S3 | 17,595 | R3 | | | |

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (44)
- Stochastic is oversold
- Price is on the daily pivot point USD 18,758
- Technically bullish but in a corrective phase yesterday. The MA on the RSI continued to warn that momentum was weak, whilst price was moving away from the weekly pivot level (USD 19,245), indicating that sell side pressure was increasing. If we traded below the USD 18,336 support, then the probability of the futures trading to a new high would start to decrease; however, our intraday Elliott wave analysis suggested that downside moves looked to be countertrend.
- The futures have sold lower again with price below the EMA support band whilst the RSI is below 50, intraday price and momentum are conflicting, as the previous candle closed above the daily pivot level.
- A close on the 4-hour candle above USD 18,758 with the RSI at or above 49.5 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 18,336 will support a bull argument, below this level the technical will have a neutral bias.
- Technically we remain bullish, the MA on the RSI continues to warn of momentum weakness. Intraday Elliott wave analysis is suggesting that downside moves look to be countertrend, making USD 18,336 the key support to follow. If broken, then the probability of the futures trading to a new high will start to decrease. The futures look like they could be in the process of rejecting the EMA support band, warning the USD 18,520 support could come under pressure in the very near-term; However, we are no cautious on downside moves as the 1-hour RSI is in divergence.

Lead Morning Technical (4-hour)



| | Support | Resistance | Current Price | Bull | Bear |
|----|---------|------------|---------------|--------------|------|
| S1 | 2,141 | R1 | 2,190.5 | RSI below 50 | |
| S2 | 2,120 | R2 | | | |
| S3 | 2,080 | R3 | | | |

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (48)
- Stochastic is below 50
- Price is on the daily pivot point USD 2,190
- Technically bullish but with a neutral bias yesterday, the probability of the futures trading to a new high had started to decrease, whilst a move below USD 2,141 would mean that the intraday technical was bearish. We had closed below the weekly pivot level (USD 2,198) implying that sell side momentum was increasing, having moved lower on the back of a negative divergence with the RSI, suggesting support levels were vulnerable.
- The futures are proving resilient, having sold lower on the open the futures found light bid support for the remainder of the session. We remain just below the EMA support band with the RSI below 50, intraday price and momentum are now conflicting.
- A close on the 4-hour candle above USD 2,190 with the RSI at or above 50.5 will mean price and momentum are aligned to the buyside. Likewise, a close below this level with the RSI at or below 46 will mean it is aligned to the sell side. Downside moves that hold at or above USD 2,080 will warn that there is potentially a larger bullish Elliott wave cycle in play.
- Bullish with a neutral bias, the futures have created a small trend support (USD 2,179), a close below this level will warn that we have the potential for further downside; however, until we do, we have a note of caution. The MA on the RSI is implying that momentum remains weak at this point with price failing to close above the weekly pivot level yesterday (USD2,197). We maintain a cautious view on upside moves at this point.

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