



Base Morning Technical Report

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China

China is considering a proposal to have local governments across the country buy millions of unsold homes, people familiar with the matter said, in what would be one of its most ambitious attempts yet to salvage the beleaguered property market.

The State Council is seeking feedback from several provinces and government entities on the preliminary plan, said the people, asking not to be identified discussing a private matter. While China has already experimented with several pilot programs to clear excess housing inventory with the help of state funding, the latest plan would be much larger in scale.

(Bloomberg)

Cu

Copper futures in New York rallied to a record high after a short squeeze that saw the most-liquid contract trading at a hefty premium.

Comex futures for July delivery rose as much as 3.6% to \$5.0695 a pound on Wednesday, passing an earlier record for the rolling, most active contract set in March 2022. Prices extended a surge in previous sessions that was tightly focused on the July contract.

The squeeze was partly due to traders playing the arbitrage between futures on Comex and the Shanghai Futures Exchange, Jia Zhang, head of trading at Shanghai Dongwu Jiuying Investment Management Co., said by phone.

The high on Comex is equivalent to \$11,176 a ton — more than \$1,000 above the benchmark contract on the London Metal Exchange. It also pushed the Comex market into backwardation — indicating tight nearby supply — with July trading nearly 30 cents a pound above the September contract on Wednesday. (Bloomberg).

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	10,127	R1 10,260	10,154	RSI above 50	
S2	10,091	R2 10,369			
S3	10,039	R3 10,571			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- The RSI above 50 (57)
- Stochastic is above 50
- Price is above the daily pivot point USD 10,127
- Technically bullish yesterday, the MA on the RSI indicated that momentum was supported. The RSI was divergent dating back to the 19/04/24; however, the upside move on the 13/05 had broken resistance, meaning downside moves should be considered as countertrend in the near-term. The upside move to a new high meant that we were seeing an Elliott wave extension within the existing cycle, implying downside should also be considered as countertrend on the longer-term wave cycle. This meant that if the USD 9,962 support was broken, the futures would have a neutral bias based on price, but the longer-term wave cycle would still be bullish. Elliott wave time cycle (for this phase) that started on the 09/02/24 was on a 709-minute candle.
- The futures have entered a corrective phase on the back of the negative divergence with the RSI. We remain above all key moving averages with the RSI above 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle above USD 10,127 with the RSI at or above 63.5 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 below USD 9,969 will support a near-term bull argument, below this level the technical will have a neutral bias (based on price). However, the longer-term Elliott wave support is at USD 9,303, the cycle is bullish above this level and neutral below.
- Technically bullish but in a corrective phase, the RSI is below its MA whilst the average is flat, implying momentum is now neutral. The futures are in divergence, but the near-term RSI is above the high from the 07/05, warning downside moves could be countertrend in the near-term, making USD 9,969 the key support to follow. Below this level the probability of the futures trading to a new high will start to decrease within this phase of the cycle, warning we could be entering a higher timeframe wave 4 (still countertrend).

Aluminium Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,554.5		
S2	R2			
S3	R3			

Synopsis - Intraday

Source Bloomberg

- Price is between the EMA resistance band (Black EMA's)
- RSI is at 50 (50)
- Stochastic is above 50
- Price is above the daily pivot point USD 2,542
- Technically bullish yesterday, but in a corrective phase with downside moves looking like they could be countertrend, the futures were finding light bid support on the back of the positive divergence with the RSI, below USD 2,508 would create further divergences. For this reason, we maintained a cautious view on corrective moves lower.
- The futures traded to a low of USD 2,519 but the move failed to hold. Price is now between the EMA support band with the RSI neutral at 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 2,542 with the RSI at or below 45 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 2,440 will support a bull argument, below this level the technical will have a neutral bias. Upside moves that fail at or below USD 2,626 will leave the futures vulnerable to further tests to the downside, above this level the USD 2,688 fractal resistance could be tested.
- Unchanged on the technical today, we maintain our view that downside moves look to be countertrend with price finding support on the back of the positive divergence with the RSI. We remain cautious on downside moves at these levels.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,987	R1	3,090	RSI above 50	Stochastic overbought
S2	2,930	R2	3,195		
S3	2,925	R3	3,326		

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above (62)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,987
- Technically bullish yesterday, the MA on the RSI indicated that momentum remained supported. However, the new high meant that the futures were now in divergence with the RSI, not a sell signal, it warned that we could see a momentum slowdown which needed to be monitored. A cautious bull due to the divergence that was in play.
- The futures have seen a small move higher with price 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 2,987 with the RSI at or below 56 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 2,852 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish with the MA on the RSI continuing to suggest that momentum is supported at this point. However, we remain in divergence with the RSI, warning we have the potential to see a momentum slowdown, implying caution on upside moves at these levels. If we do enter a corrective phase but hold above the USD 2,852 level, it will imply that there is underlying support in the market, warning we could see another move higher in the near-term. If broken, then the probability of the futures trading to a new high within this phase of the cycle will start to decrease.

Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,259	R1	2,281	RSI above 50	Stochastic overbought
S2	2,237	R2			
S3	2,228	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 2,259
- Technically bullish yesterday, the MA on the RSI indicated that we had light momentum support. The new high meant we now had three divergences in play with the RSI, and one with the stochastic. Not a sell signal, the divergences warned we could see a momentum slowdown. We noted that the futures may move higher from here, but from a technical perspective, we were very cautious on upside moves at these levels.
- We continue to move higher with two of the RSI divergences failing, we continue to have a minor divergence on the Stochastic. 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 2,259 with the RSI at or below 56.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 2,207 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the futures are proving more resilient than the technical had suggested. The MA on the RSI continues to imply that momentum is supported, whilst the RSI is testing upper resistance, if broken, the futures will no longer be in divergence. When we look at the Elliott wave between time and price, our wave oscillator remains in divergence. The technical continues to suggest caution on upside moves; it could be that there is a wave extension that is either unclear, or that I am missing. However, based on the information in front of me, the technical suggests we are vulnerable to a momentum slowdown.

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