

China

China appears to be wasting no time in implementing its latest rescue plan for the housing market. Just four weeks after the announcement the government would start to buy unsold homes to help mop up excess inventory, the People's Bank of China is already pressing for quick implementation. The home-buying plan is a promising approach — and we're encouraged policy makers are acting fast on it. It reinforces our view that the plan may be scaled up within the year.

The re-lending scheme that the PBOC met to discuss on June 12 is key to the success of the home-buying plan because it will be the main source of funds.

The rapid action this time contrasts with the more tentative implementation of a prior program to support rental housing.

That program permitted purchases of existing homes to expand rental supply, but it was smaller in size and scope. The messaging was also less strenuous — which may be why the plan has gained little traction. In the 13 months since launching in February 2023, only 2 billion yuan out of the 100 billion yuan quota had been spent. (Bloomberg)

Cu

Copper and other base metals fell after the Federal Reserve signaled US interest rates will likely stay higher for longer than previously indicated, a scenario that may crimp demand for industrial commodities.

The metal, sometimes seen as a barometer of the global economy, pared gains made Wednesday after the central bank's policymakers penciled in just one interest-rate cut this year, down from three expected in March.

The hawkish signal came amid investor concerns that copper's rally to a record last month ran ahead of market fundamentals. The metal has fallen more than 10% from that high due to worries about a steady increase in global inventories, profit-taking by investment funds and weak Chinese demand.

The Fed's hawkish comments triggered the price decline on Thursday, said Wang Yue, an analyst with Shanghai East Asia Futures Co.

Copper was down 1.2% at \$9,829 a ton on the London Metal Exchange as of 11:36 a.m. in Shanghai. Aluminum lost 1.7%, while zinc and tin fell more than 1%. (Bloomberg)

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	9,826	R1	9,913		
S2	9,654	R2	10,018		RSI below 50
S3	9,567	R3	10,082		

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- The RSI below 50 (44)
- Stochastic is above 50
- Price is below the daily pivot point USD 9,913
- Technically bearish yesterday, we had a small bullish candle defending the daily trend line on the 10/06 and downside rejection of the trend line on the 11/06. This warned that sell side momentum was slowing, if we closed on the daily candle above USD 9,941 it would imply that buy-side pressure was increasing. The RSI support had held (meaning price also moved higher on the divergence) whilst the MA on the RSI had started to flatten, indicating we were seeing a momentum slowdown. We maintained a note of caution on downside moves due to the divergence and support line, as there was further evidence of buy-side defence around these levels.
- The futures traded to a high of USD 10,014 before closing just above the USD 9,941 level, this in theory is a bullish signal on the higher timeframe. However, we have opened lower in the Asian day session with price now testing trend support (USD 9,826). Price is below the EMA resistance band with the RSI below 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle below USD 9,913 with the RSI at or below 40.5 will mean price and momentum are aligned to the sell side. Likewise, a close above this level will mean it is aligned to the buy-side. Upside moves that fail at or below USD 10,018 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. Downside moves that hold at or above USD 9,567 will support a longer-term bull argument, if broken, then the higher timeframe Elliott wave cycle will have a neutral bias.
- Technically bearish, the MA on the RSI is implying that we are seeing momentum support. Price is trading on the trend line having failed to trade above the resistance line, the averages and the trend line are starting to converge, warning we could see a directional break-out soon. We remain cautious on downside moves due to the divergence and momentum support.

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,520	R1	2,539	Stochastic oversold	RSI below 50
S2	2,474	R2			
S3	2,442	R3			

Source Bloomberg

Synopsis - Intraday

- Price is below the EMA Resistance band (Black EMA's)
- RSI is below 50 (39)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,556
- Technically bearish yesterday, the MA on the RSI indicated that momentum was weak; however, the futures were in divergence with the RSI, warning we could see a momentum slowdown. The pullback on the 10/06 and on the open on the 11/06, had not been higher enough for our Elliott wave cycle, meaning intraday upside moves were still considered as countertrend at this point. Due to the divergence, we had a note of caution on downside moves in the near term.
- The futures moved higher but rejected the EMA resistance band, we remain below all key moving averages supported by the RSI below 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle below USD 2,556 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 that it is aligned to the buy side. Upside moves that fail at or below USD 2,620 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, the MA on the RSI is implying that we have light momentum support; it is marginal, but it looks like the move higher yesterday was enough to confirm a higher timeframe wave 4. This means that upside moves are still considered as countertrend, providing we have not traded below the USD 2,520 fractal low that formed yesterday. In theory, we now have a potential downside target at USD 2,409; however, due to the lower timeframe oscillator cross being marginal, downside breakouts should be limited in time. If they are not, then there will be a higher chance of a wave extension within the existing bear trend. We are cautious on downside breakouts as the divergence will be in play.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,758	R1	2,855.5		RSI below 50
S2	2,675	R2			
S3	2,574	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (46)
- Stochastic is overbought
- Price is above/on the daily pivot point USD 2,853
- Technically bearish yesterday, the MA on the RSI was flat, implying momentum was neutral with the average now acting as a support to the RSI. Intraday Elliott wave analysis continued to suggest that upside moves look like they would be countertrend, implying the USD 2,737.5 fractal low remained vulnerable. If we did close on the 4-hour candle back above the high of the last dominant bear candle (USD 2,839.5), it would warn that buy-side pressure is increasing, meaning we could see the USD 2,864 resistance being tested. If it was broken, then the probability of the futures trading to a new low would start to decrease.
- The futures closed above the USD 2,839.5 level resulting in the USD 2,864 resistance being broken. We are trading in the EMA resistance band with the RSI below 50, intraday price and momentum are conflicting, as the previous candle closed below the daily pivot level.
- A close on the 4-hour candle below USD 2,853 with the RSI at or below 39 will mean price and momentum are aligned to the sell side; likewise, a close above this level will mean it is aligned to the buy-side. Upside moves that trade above USD 2,930 will mean the intraday technical is bullish based on price.
- Technically bearish, the probability of the futures trading to a new low within this phase of the cycle has started to decrease. The MA on the RSI is implying momentum is supported, with the RSI closing above the weekly pivot level yesterday (USD 2,841), implying buy-side pressure is increasing. The technical has the potential to become more complex, as we have not yet traded to a new low, if we do, it will imply the corrective wave cycle has completed. However, if we trade above USD 2,930 without making a new low, then the corrective pattern is 3 and 3, implying it is higher timeframe corrective wave A. This will suggest that the upside could be a countertrend wave B, making USD 3,032 the key resistance to follow. Note: Elliott wave is a psychological footprint of the market, it can and does fail, there is always the chance we have seen a wave go missing (it does happen). Based on the information in front of us, this is my interpretation of technical footprint.

Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	17,731	R1	17,910		RSI below 50
S2	17,435	R2			
S3	17,138	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (37)
- Stochastic is below 50
- Price is below the daily pivot point USD 17,973
- Unchanged on the technical yesterday. We remained bearish, but the MA on the RSI was implying that we had light momentum support. The futures continued to form a base on the back of the positive divergence with the RSI, implying caution on downside breakouts. Key longer-term resistance was at 20,353, upside moves that fail at or below this level will warn that there is a larger, bearish Elliott wave cycle in play.
- The futures continue to move sideways. We remain below all key moving averages with the RSI below 50, intraday price and momentum are conflicting.
- A close on the 4-hour USD 17,973 with the RSI at or below 33 will mean price and momentum are aligned to the sell side; likewise, a close above this level will mean it is aligned to the buy side. Upside moves that fail at or below USD 18,370 will leave the futures vulnerable to further tests to the downside.
- Unchanged on the technical again today. We remain bearish with the MA on the RSI implying that momentum is supported. The futures continue to form a base on the back of the positive divergence with the RSI, implying caution on downside breakouts. Key longer-term resistance is at 20,353, upside moves that fail at or below this level will warn that there is a larger, bearish Elliott wave cycle in play.

Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,143	R1	2,168	Stochastic oversold	RSI below 50
S2	2,112	R2			
S3	2,072	R3			

Source Bloomberg

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 2,175
- Technically bearish yesterday, the momentum support and buyside pressure previously had warned that resistance levels could be broken; however, this didn't happen as the futures traded to new lows. Price was back in divergence with the RSI, meaning we remained cautious on moves lower.
- The futures have started to consolidate having moved sideways in the last session. 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 2,175 with the RSI at or below 34.5 will mean price and momentum are aligned to the sell side. Likewise, a close above this level with the RSI at above 39 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 2,223 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Unchanged on the technical today, we remain bearish with the MA on the RSI implying that momentum is neutral. We continue to have a note of caution on downside breakouts below USD 2,154, due to the potential divergence.

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