

China

China's industrial expansion slowed in May and retail spending beat forecasts, a sign that deep imbalances in the economic recovery may be easing at least a little.

Industrial production rose 5.6% in May from a year ago, the National Bureau of Statistics said Monday. That compares with April's increase of 6.7%, and a median forecast of 6.2% in a Bloomberg survey. Retail sales accelerated, climbing 3.7% compared with a forecast of 3%. (Bloomberg)

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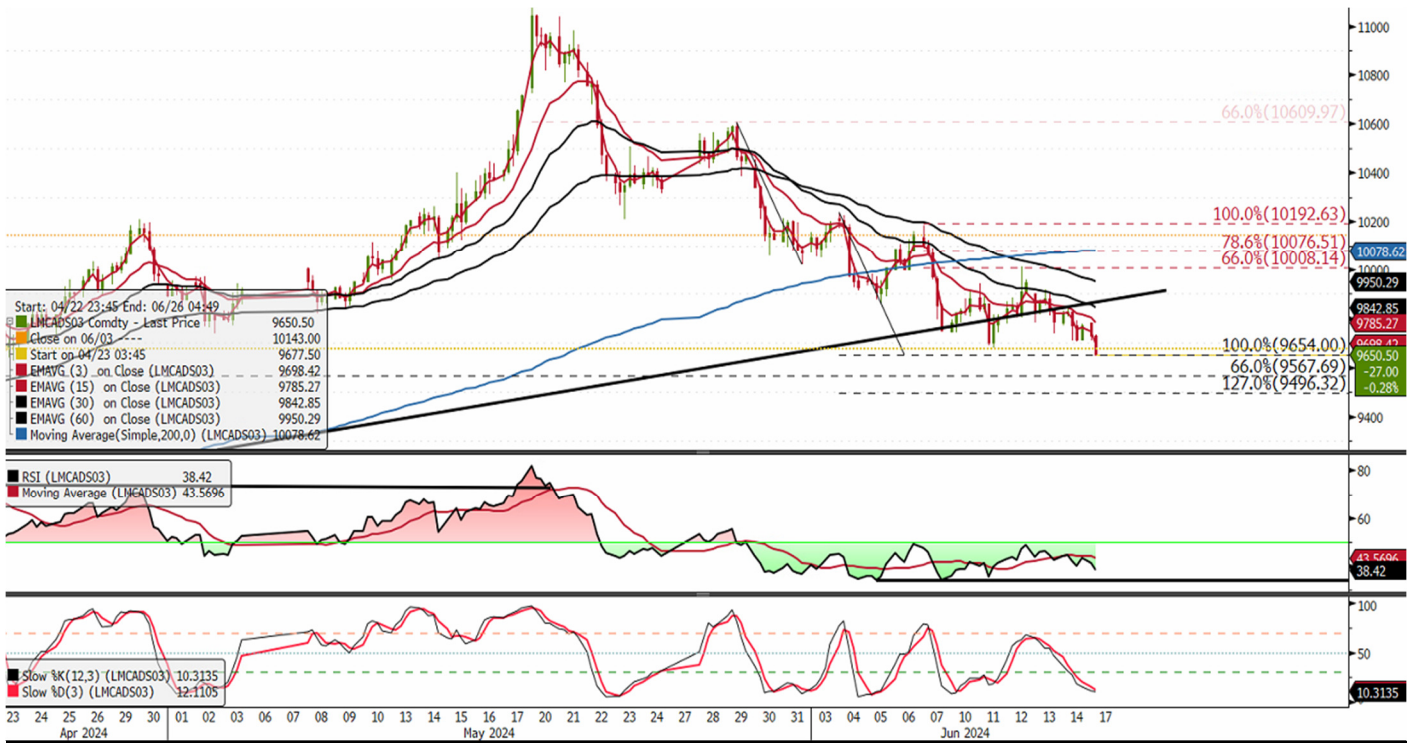
Copper added to four straight weeks of declines after economic data from China highlighted continued weak spots in the metal's biggest market.

Copper fell 0.9% to \$9,655 a ton by 2:42 p.m. in Shanghai, heading for its lowest close on the London Metal Exchange in two months. The world's second-biggest economy released figures on Monday that bolstered concerns over a disappointing demand recovery. While retail sales were stronger in May, industrial output and fixed-asset investment both posted slower growth, and the housing slump deepened.

President Xi Jinping's government has rolled out various measures to steady growth and stabilize the property sector, but Monday's data triggered calls for more powerful action. Declines in real estate investment and home prices both gathered pace in May.

"The Chinese property sector continues to weaken despite a series of easing policies," said Wang Yingying, an analyst with Galaxy Futures Co. "People are very pessimistic about the property market." (Bloomberg).

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear	
S1	9,654	R1	9,650.5	Stochastic oversold	RSI below 50	
S2	9,567	R2				9,776
S3	9,496	R3				9,865

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- The RSI below 50 (38)
- Stochastic is oversold
- Price is below the daily pivot point USD 9,776
- Unchanged on the technical on Friday, we remained bearish with the MA on the RSI implying that we were seeing momentum support; however, the RSI was on its average. The averages and the trend line continued to converge, implying we could see a directional breakout soon; if it was to the downside, the futures would be in divergence below USD 9,680, implying caution on moves below this level.
- The futures have sold below the USD 9,680 level meaning price is in divergence. We are below all key moving averages with the RSI below 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 9,776 with the RSI at or above 46 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 10,008 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 now flat, indicating that momentum is neutral. We have broken to the downside resulting in a positive divergence with the RSI, not a buy signal, it is a warning that we could see a momentum slowdown which will need to be monitored. Due to the divergence, we are no cautious on downside moves at this point.

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,484	R1	2,496	Stochastic oversold	RSI below 50
S2	2,451	R2			
S3	2,418	R3			

Source Bloomberg

Synopsis - Intraday

- Price is below the EMA Resistance band (Black EMA's)
- RSI is below 50 (36)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,538
- Technically bearish on the previous report, the MA on the RSI continued to imply that we had light momentum support. The upside move yesterday meant that our lower timeframe oscillator cross was now more prominent, meaning there was less chance of a wave extension on a downside breakout. However, as noted previously, below USD 2,520 the futures would be in divergence, not a buy signal it warned that we could see a momentum slowdown which would need to be monitored. We maintained our view that upside moves should be considered as countertrend, whilst above USD 2,520; if we did trade above USD 2,620, then the probability of the futures trading to a new low would start to decrease.
- The futures have continued to sell lower with price now below the USD 2,520 level. We are below all key moving averages supported by the RSI below 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 2,538 with the RSI at or above 43.5 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 2,558 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 starting to flatten, implying momentum is turning neutral. The new low in the futures means we are in divergence with the RSI, not a buy signal, it is a warning that sell side momentum could start to slow. Intraday Elliott wave analysis is suggesting that we have a potential downside target at USD 2,418; however, due to the divergence, we now have a note of caution on moves lower at these levels.

Zinc Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,767.5	Stochastic oversold	RSI below 50
S2	R2			
S3	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (47)
- Stochastic is overbought
- Price is below the daily pivot point USD 2,809
- Unchanged on the technical on Friday, we remained bearish with a neutral bias, the probability of the futures trading to a new low had started to decrease. The MA on the RSI continued to warn of light momentum support with price holding above the weekly pivot level (USD 2,841). As noted previously, the technical would become more complex if we broke fractal resistance before trading to a new low, as it would warn that the current corrective move down to the USD 2,737.5 low was possibly a higher timeframe wave A, meaning upside moves could be a countertrend wave B, making USD 3,032 the key resistance to follow. If broken, then the USD 3,150 fractal resistance would start to look vulnerable.
- The futures failed to break fractal resistance, resulting in the futures selling lower in line with our original intraday Elliott wave analysis, meaning the technical is back in bearish territory, but above the USD 2,737.5 fractal low. We are below all key moving averages with our RSI below 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 2,809 with the RSI at or above 46.5 will mean price and momentum are 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 MA on the RSI is now flat, implying momentum is neutral; however, we have a 3-wave corrective pattern higher with price trading below our near-term fractal support (USD 2,767), suggesting the USD 2,737.5 low will be tested and broken. If it is, then the futures will be in divergence with the RSI, suggesting caution on downside breakouts whilst the divergence is in play.

Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	17,435	R1	17,465	Stochastic oversold	RSI below 50
S2	17,138	R2			
S3	16,717	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (34)
- Stochastic is oversold
- Price is below the daily pivot point USD 17,615
- Technically bearish last week, the MA implied that we had momentum support; however, the RSI was testing the average. The new low meant that the futures were in divergence with the RSI, not a buy signal, it warned that we could see a momentum slowdown. Due to the divergence, we maintained a cautious view on downside moves.
- We continue to see small moves to the downside with price below all key moving averages, the RSI is below 50 with price and momentum conflicting.
- A close on the 4-hour candle below USD 17,615 with the RSI at or below 33 will mean price and momentum are aligned to the sell side; likewise, a close above this level with the RSI at or above 37.5 will mean it is aligned to the buyside. Upside moves that fail at or below USD 18,251 will leave the futures vulnerable to further tests to the downside.
- Unchanged on the technical this morning, the MA on the RSI is now flat, indicating momentum is neutral. The RSI is still divergence with price, meaning we maintain a cautious view on downside moves at these levels.

Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,143	R1	2,147		RSI below 50
S2	2,112	R2			
S3	2,072	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (38)
- Stochastic is below 50
- Price is below the daily pivot point USD 2,151
- Unchanged on the technical on Friday, we remained bearish with the MA on the RSI implying that momentum was neutral. We continued to have a note of caution on downside breakouts below USD 2,154, due to the potential divergence.
- The futures traded to a new low, but the move has so far failed to hold due to the divergence in play. We are below all key moving averages supported by the RSI below 50, intraday price and momentum are aligned to the buyside, as the previous candle closed above the daily pivot level.
- A close on the 4-hour candle below USD 2,151 with the RSI at or below 35.5 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 2,214 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. We maintain a cautious view on downside moves due to the divergence that is in play. We also note that the daily 200-period MA is at USD 2,144, the move lower on Friday failed to close below the average, implying we are seeing higher timeframe buyside support. For downside continuation, the daily futures will need to close below and hold below the average. A cautious bear at these levels.

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