

Cu

Copper rose as investors mull prospects for potential stimulus in China following weak fiscal revenue data, while US inflation figures due this week are set to offer clues on the timeline of monetary easing.

China's data released Monday showed its fiscal revenue shrank at the fastest pace in more than a year, fueling expectations that Beijing could make a rare mid-year budget revision to aid economic recovery. That could help lift consumption for copper and other industrial metals, which have been pressured by the nation's prolonged property slump.

Meanwhile, traders are also awaiting other economic figures due at the end of this week, including the Federal Reserve's preferred gauge of consumer costs, which may influence when the central bank pivots to borrowing cuts. The US dollar dipped as Treasuries steadied.(Bloomberg).

Cu

Chilean miner Antofagasta Plc and Chinese copper smelters are negotiating dramatically lower refining fees for the second half of the year, underscoring a widening mismatch between China's inflated capacity to process the metal and tightening global supplies of ore.

Antofagasta, which is leading the world's miners, has offered to pay treatment charges at an unusually low \$10 a ton, according to people with knowledge of the talks, who declined to be named discussing sensitive matters. Meanwhile, Chinese smelters are asking for a number in the high-\$30s, they said, which is equally rare.

Miners and smelters layer their agreements on a spot, half-yearly and annual basis. The current talks are heavily influenced by an unprecedented collapse in spot treatment charges to below zero, which has given the upper hand to Antofagasta and is likely to produce an agreement that sets term fees at a record low.

The last round of annual talks concluded at \$80 a ton. The lowest-ever yearly contract was fixed at \$43 a ton in 2004, while for the half-year it was \$39 in 2010, according to metals consultancy CRU Group, which has data going back to 1992.

Antofagasta, and China's two biggest smelters, Jiangxi Copper Co. and Tongling Nonferrous Metals Group Co., all declined to comment.

# Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	9,666	R1	9,707	Stochastic oversold	RSI below 50
S2	9,567	R2	9,856		
S3	9,496	R3	9,822		

## Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- The RSI below 50 (46)
- Stochastic is oversold
- Price is above the daily pivot point USD 9,666
- Technically bearish last week, near-term price action was turning to the buyside. The MA on the RSI indicated that momentum was supported with price starting to test the weekly pivot resistance (USD 9,822), a close above this level on the daily chart would imply that buyside pressure was increasing. A move above USD 9,856 (intraday high USD 9,852) would warn that the probability of the futures trading to a new low would start to decrease. The move higher was on the back of a positive divergence with the RSI, a rejection candle on the 18/06 had been followed by a bullish daily close (19/06), whilst intraday momentum was supported, suggesting resistance levels were vulnerable.
- The futures traded to a high of USD 9,892 with price closing above but failing to hold above the weekly pivot level, resulting in the futures entering a corrective phase on Friday. 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 above USD 9,666 with the RSI at or above 48 will mean price and momentum are aligned to the buyside; likewise, a close below this level with the RSI at or below 43.5 will mean it is aligned to the sell side.
- The move below USD 9,667 on the 21/06 means the futures are back in bearish territory, despite the breach in the USD 9,856 resistance on the 20/06. The MA on the RSI is implying that momentum is weak at this point; however, the RSI is testing the MA resistance, warning price and momentum could become aligned to the buyside. Whilst a close on the daily candle above the weekly pivot resistance (USD 9,707) will imply that buyside pressure is increasing. We remain cautious on downside breakouts below USD 9,551 as the futures will be in divergence with the RSI, warning we have the potential to see a momentum slowdown.

# Aluminium Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,505.5	Stochastic oversold	RSI below 50
S2	R2			
S3	R3			

Source Bloomberg

## Synopsis - Intraday

- Price is below the EMA Resistance band (Black EMA's)
- RSI is below 50 (46)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,508
- Unchanged on the technical on Thursday based on the lack of price movement. We were bearish with the MA on the RSI indicating that momentum was seeing light bid support, with price holding at the previous day's values due to the positive divergence with the RSI. A close on the daily candle above USD 2,520 (the high above the low candle) would indicate that buy-side pressure is increasing. We maintained our view that the futures were not considered a technical sell at these levels.
- The futures continue to move sideways with price remaining below the EMA resistance band. The RSI is below 50 with price and momentum conflicting.
- A close on the 4-hour candle below USD 2,508 with the RSI at or below 43.5 will mean price and momentum are aligned to the sell side; likewise, a close above this level with the RSI at or above 48 will mean it is aligned to the buy-side. Upside moves that fail at or below USD 2,549 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- The futures remain bearish but price action is consolidating, meaning it is neutral. The MA on the RSI is now flat whilst price is testing the base of the EMA resistance band. We maintain a cautious view on downside breakouts below USD 2,470, as this will create further positive divergences with the RSI. A close on the daily candle above the weekly pivot level (USD 2,506), will imply that buy-side pressure is increasing.

# Zinc Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,849		RSI below 50
S2	R2			
S3	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is between the EMA resistance band (Black EMA's)
- RSI is above 50 (49)
- Stochastic is below 50
- Price is below the daily pivot point USD 2,854
- Unchanged on Thursday, we remained bearish with the futures consolidating between USD 2,737.5 – USD 2,899.5, implying price action was neutral, the MA on the RSI indicated that momentum was supported. If we traded above USD 2,930 it would warn that the corrective phase had the potential to become more complex; likewise, below USD 2,737.5 the futures would be in divergence with the RSI, implying the corrective phase was nearing exhaustion. We maintained our view that support levels were vulnerable whilst below USD 2,930.
- Price action is unchanged, we remain between the EMA resistance band with the RSI near neutral at 49, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 2,854 with the RSI at or above 52.5 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, price action is neutral with the futures remaining in the consolidation zone. Upside moves above USD 2,930 will mean the intraday technical is bullish based on price, suggesting the corrective phase has the potential to become more complex. Likewise, a move below USD 2,737.5 will create a positive divergence with the RSI, warning the downside move has the potential to exhaust. We maintain our view that support levels are vulnerable whilst below USD 2,930.

# Nickel Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	17,325	17,340		RSI below 50
S2	17,138			
S3	16,717			
	R1	17,356		
	R2	18,469		
	R3	18,892		

## Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (44)
- Stochastic is below 50
- Price is above the daily pivot point USD 17,356
- Technically bearish last week with upside moves looking like they could be countertrend based on our intraday Elliott wave analysis. The MA on the RSI continued to suggest that momentum was supported with price seeing light bid support on the back of the positive divergence. We remained cautious on downside moves.
- The futures have seen a small move lower but continue to base above the USD 17,000 level. We remain below the EMA resistance band with the RSI below 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 17,356 with the RSI at or below 38 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 19,466 will leave the futures vulnerable to further tests to the downside.
- Technically bearish with downside moves failing to hold due to the divergence in play. The MA on the RSI is now flat suggesting momentum is turning neutral; however, the average is acting as a support to the RSI. The technical is unchanged again today, we remain cautious on downside moves due to the divergence that is in play; however, our intraday Elliott wave analysis would suggest that upside moves still look like they should be considered as countertrend at this point.

# Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,167	R1	2,170	Stochastic oversold	RSI below 50
S2	2,153	R2			
S3	2,128	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (45)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,175
- Technically bearish with a neutral bias last week, The MA on the RSI indicated that momentum remained supported. The RSI was testing its average, if price and momentum become aligned to the sell side, then support levels could come under pressure. As noted previously, we had been expecting one more test to the downside, but the breach in the USD 2,242 resistance meant the technical was neutral. However, we are looking at a large rejection candle on the daily chart that suggests we still had the potential to move lower from here.
- The futures have seen a move lower with price breaching the USD 2,167 support, meaning the intraday technical is back in bearish territory. Price is below the EMA resistance band with the RSI below 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 2,175 with the RSI at or above 51 will mean price and momentum are aligned to the buy side. Upside moves that fail at or below USD 2,242 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. Note: the USD 2,242 resistance is back in play due to the move below the USD 2,167 support.
- Technically bearish, the MA on the RSI is implying that we have light momentum weakness, whilst our intraday Elliott wave analysis is indicating that support levels remain vulnerable. If we do see a close above the high of the last dominant bear candle (USD 2,192.5), then we could see resistance levels come back under pressure.

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](http://freightinvestorservices.com)