

## China

An influential Chinese central bank adviser delivered a rare critique of his nation's economic policy, urging the government to set a compulsory target for inflation and step up spending to address weak consumption.

Authorities should change their strategy of "focusing on investment and neglecting consumption," said Huang Yiping, a member of the People's Bank of China's monetary policy committee, according to an article published this week, which cited his earlier speech in May.

"The economy has entered a new stage and the total demand — including consumption, exports and even investment — is no longer as strong as before," said Huang. "This actually poses new challenges to macroeconomic policies."

Cash handouts to households and granting migrant workers better access to urban public services would boost consumer spending, Huang said. An excessive focus on fiscal health — such as maintaining the budget deficit below 3% of gross domestic product even when growth is weak — could hinder the economy and eventually erode room for future policy action, he said. (Bloomberg).

## Cu

Copper rose as the US dollar eased lower ahead of jobs data that may influence the Federal Reserve's monetary-easing path.

Most major contracts on the London Metal Exchange reversed early losses on Friday to edge higher as the dollar gave up initial gains. A weaker US currency typically benefits commodities priced in it.

Focus is now shifting to economic data that may influence the timing and pace of Fed rate cuts. Earlier this week, the central bank's Chair Jerome Powell flagged it may pivot to easing next month provided inflation continues to abate.

The US non-farm payrolls report is due later Friday and could show economic weakness that would further encourage the Fed to cut rates. Looser monetary policy typically boosts investor demand for metals.

Traders are still eyeing the potential for further stimulus from China — the world's top consumer — as data continues to point to a struggling economy. An adviser from the country's central bank issued a rare critique of Beijing's policies for being overly conservative, urging the government to ramp up fiscal stimulus and promote inflation.

Copper rose 0.4% to \$9,089 a ton on the LME by 2:29 p.m. in Singapore. Aluminum and zinc edged up 0.1%, while lead lost 0.5%. (Bloomberg)

# Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	8,932	R1	9,289	Stochastic oversold	RSI below 50
S2	8,812	R2	9,409		
S3	8,691	R3	9,103		

## Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- The RSI below 50 (42)
- Stochastic is oversold
- Price is below the daily pivot point USD 9,103
- Technically bearish yesterday, the futures were testing the top of the EMA resistance band and the base of Fibonacci resistance zone. A bearish rejection candle warned that we were seeing intraday selling resistance at slightly high levels, warning we were vulnerable to an intraday correction lower; if we held at or above the USD 9,071 support, it would suggest that the upside move had the potential to be a complex corrective phase, or perhaps even bullish. Our intraday Elliott wave analysis indicated that the move higher looked like it could be countertrend; however, we remained cautious (mindful) of the daily 200-period MA support (USD 9,013), as the rejection of the average in the previous two sessions indicated that there was an underlying support in the market. Intraday lower timeframe momentum, alongside the 4-hour rejection candle suggested that we should see an intraday move lower, making the USD 9,071 support the key level to follow. A move above that holds above the high of the rejection candle (USD 9,322) would imply buyside pressure is increasing, meaning we could test our key resistance at USD 9,572.
- The futures sold below the USD 9,071 level before finding light bid support around the 200-period MA (USD 9,017) on the Asian open. 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 9,103 with the RSI at or above 49.5 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 9,572 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, the move below USD 9,071 is indicating that the USD 8,900 fractal low is vulnerable. The MA on the RSI implies that momentum is supported, but the MA is below the average whilst price is below the daily pivot, suggesting momentum is in the process of weakening. We are trading just above the 200-period MA having breached it on the Asian open, meaning we are seeing some light defence of the average this morning; however, the move below USD 9,071 does suggest we should now see the fractal low come under pressure.

# Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,268	R1	2,291		RSI below 50
S2	2,249	R2	2,349		
S3	2,234	R3	2,394		

Source Bloomberg

## Synopsis - Intraday

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (47)
- Stochastic is above
- Price is below the daily pivot point USD 2,291
- Technically bearish yesterday, the futures continued to move higher on the back of the positive divergence with the RSI, the MA on the RSI indicated that momentum was supported. Our intraday Elliott wave analysis suggested that the upside move looked like they could be countertrend, making USD 2,394 the key resistance to follow. If broken, then the probability of the futures trading to a new low would start to decrease. The futures were testing the upper resistance band whilst in the Fibonacci resistance zone, we highlighted on the chart that the RSI was testing resistance. This warned that we were starting to look vulnerable to an intraday move lower; downside moves that held at or above USD 2,249 would support a near-term bull argument, warning there could be further upside within this corrective phase. If broken, then the USD 2,209.5 fractal low would start to look vulnerable.
- The futures sold into the Fibonacci support band yesterday; however, we are seeing light bid support on the Asian open. We are 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 2,291 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 will mean it is aligned to the buy side. Upside moves that fail at or below USD 2,394 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 2,249 will support a near-term bull argument, below this level will warn the USD 2,209.5 fractal low could come under pressure.
- Technically bearish, the MA on the RSI is implying that momentum is supported. The downside move is holding above the USD 2,249 level with the futures finding light bid support on the open, warning that we are vulnerable to another intraday move higher, making USD 2,394 the key resistance to follow. A move above this level will mean that the probability of the futures trading to a new low has started to decrease. However, our intraday Elliott wave analysis continues to suggest that intraday upside moves should be considered as countertrend at this point.

# Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear	
S1	2,684	R1	2,697		RSI below 50	
S2	2,615	R2				2,809
S3	2,565	R3				2,871

**Synopsis - Intraday**

Source Bloomberg

- Price is between the EMA resistance band (Black EMA's)
- RSI is below 50 (49)
- Stochastic is above 50
- Price is above the daily pivot point USD 2,684
- Technically bearish yesterday, the upside move previously had confirmed that the lower timeframe wave cycle had completed; however, as noted previously, there looked to be a larger bearish Elliott wave cycle in play, meaning we maintained our view that upside moves look like they could be countertrend. We now looked to be in higher timeframe corrective wave 4 (upside countertrend move) with the MA on the RSI implying that momentum was supported at this point. Two of the last 4 candles were showing upside rejection whilst in the EMA resistance band, price warned that we could potentially see a move lower. If, however, we traded above and close above the high of the last rejection candle (USD 2,724), it would imply that buyside pressure was increasing, warning that the Fibonacci resistance zone could come under pressure. Key resistance was unchanged at USD 2,871, above this level the probability of the futures trading to a new low would start to decrease.
- Sideways action yesterday with price remaining in the EMA resistance band. The RSI is near-neutral at 49 with price and momentum aligned to the buyside.
- A close on the 4-hour candle below USD 2,684 with the RSI at or below 44 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 2,871 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, we highlighted previously the two intraday rejection candles warned we could see an intraday move lower. Having sold to a low of USD 2,649.5 the futures have moved back to yesterday's levels on momentum support, the MA on the RSI continues to imply that momentum is supported, warning that the high of the rejection candle USD 2,724 could come under pressure. A close above this level will indicate that buyside pressure is increasing, making USD 2,871 the key resistance to follow; if broken, then the probability of the futures trading to a new low will start to decrease. Elliott wave analysis continues to indicate that upside moves look like they will be countertrend; however, with momentum holding yesterday, the technical is warning we could see another test to the upside in the near-term.

# Nickel Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	16,325	RSI above 50	
S2	R2			
S3	R3			

**Synopsis - Intraday**

Source Bloomberg

- Price is above the EMA resistance band (Black EMA's)
- RSI is above 50 (53)
- Stochastic is below 50
- Price is below the daily pivot point USD 16,341
- Technically bearish yesterday, the MA on the RSI continued to suggest that momentum is supported. The RSI was making new highs, warning support levels could hold in the near-term, making USD 16,006 the key level to follow. If it held, it would support a near-term bull argument, if broken, then the USD 15,600 fractal low would start to look vulnerable. Key resistance was at USD 16,920, above this level the probability of the futures trading to a new low will start to decrease.
- The futures did see a technical pullback yesterday, but the futures have held between the USD 16,192 – USD 16,006 Fibonacci support zone, resulting in a small move higher on the Asian open. We are above the EMA resistance zone with the RSI above 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 16,341 with the RSI at or above 59.5 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 16,920 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. Likewise, downside moves that hold at or above USD 16,006 will support a near-term bull argument, below the level the USD 15,600 fractal low will be vulnerable.
- Technically bearish, intraday Elliott wave analysis is suggesting that upside moves look like they could be countertrend, making USD 16,920 the key resistance to follow. A move above this level will warn that the probability of the futures trading to a new low will start to decrease. The RSI is below its MA with the average starting to flatten, meaning we have light momentum support, warning we could look to test the USD 16,562 resistance in the very near-term. If we reject it, it will indicate that buyside pressure is weak, suggesting we will test the downside. If broken, the futures will target the fractal high at USD 16,775. Price is holding above key support (USD 16,006) whilst the RSI is above 50, its average although weakening is warning that we have light momentum support, meaning we could see a small test to the upside in the very near-term.

# Lead Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	2,047	R1	2,069	RSI below 50
S2	2,030	R2	2,085	
S3	2,008	R3	2,101	

## 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 below the daily pivot point USD 2,069
- Technically bearish yesterday, the MA on the RSI implied that we had light momentum. However, we were moving lower with price approaching the USD 2,057 support, if broken, then the USD 2,026 fractal low would start to look vulnerable. Likewise, if support held, then we had the potential to see another test to the upside in the near-term. Intraday Elliott wave analysis continued to suggest that upside moves look like they could be countertrend. If we did trade above the USD 2,157 resistance, then the probability of the futures trading to a new low would start to decrease.
- The futures continued to sell lower with price below the USD 2,057 support, we are 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 2,069 with the RSI at or above 48.5 will mean price and momentum are aligned to the buy side. Upside moves that fail at or below USD 2,157 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 now flat, implying momentum is neutral. The move below the USD 2,057 support is warning that the USD 2,026 fractal low could be tested and broken. We maintain our view based on Elliott wave analysis that upside moves look like they should be considered as countertrend at this point.

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