

## China

### China's August Home Sales at Risk of 20% Drop as Crisis Deepens

China's top 100 developers could be bracing for a near 20% plunge in August contracted sales, despite a low base in 2023 during Country Garden's crisis. The slump threatens to extend to the rest of 2H as unprecedented policy support fails to revive buyer sentiment. Structural challenges imply medium-term pressure for Vanke and Longfor's sales. (Bloomberg Intelligence Research).

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Aluminum fell from its highest level since mid-June after inventories ticked higher again in China, the world's biggest market. Copper and zinc also retreated.

Base metals have racked up gains in August as the Federal Reserve moves toward a rate-cutting cycle and the US dollar weakens. Aluminum has stood out as the top performer with a jump of more than 10% for the month so far.

Still, metals inventories in China remain relatively high, with aluminum stockpiles at their highest level for this time of year since 2019. They rose 0.5% to 807,000 tons as of Monday, halting declines since Aug. 5, according to the latest data from Shanghai Metals Market.

Aluminum was down 0.7% at \$2,533 a ton as of 12:03 p.m. Shanghai time, while copper fell 0.8% from a six-week high and zinc dropped.

Chinese demand for industrial metals has been buffeted by the country's deep property slowdown and weak economic confidence. Spot aluminum ingot is also trading at a discount to local futures benchmark, adding to sign of soft market conditions.

There are expectations for demand to pick up as manufacturing activity gathers pace in coming months, SMM said in a note.

Investors are also monitoring possible measures by the London Metal Exchange in response to complaints of sharp fee hikes at a major warehouse operator. Some traders say higher costs are fueling distortions in the global aluminum market.

(Bloomberg)

# Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	9,325	R1	9,387	RSI above 50	Stochastic overbought
S2	9,233	R2	9,477		
S3	9,120	R3	9,575		

## Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- The RSI above 50 (58)
- Stochastic is overbought
- Price is below the daily pivot point USD 9,387
- Technically bullish yesterday, the futures were above the intraday 200-period MA (USD 9,318). Lower timeframe intraday Elliott wave analysis suggested that we had the potential to trade as high as USD 9,477 within this phase of the cycle; however, the RSI was testing resistance, warning upside moves could fail to hold in the near-term. A close below that held below the USD 9,318 level on the 4-hour candle would warn that support levels could come under pressure, below USD 9,120 the intraday technical would be bearish. We were a cautious bull due to the RSI resistance.
- The futures traded to a high of USD 9,453 before selling lower in the Asian day session. We are above the EMA support band with the RSI above 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 9,387 with the RSI at or above 61.5 will mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 9,233 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the upside move yesterday resulted in the RSI breaking resistance, warning that the corrective move lower has the potential to be countertrend, making USD 9,233 the key support to follow. If broken, then the probability of the futures trading to a new high will start to decrease. As noted in yesterday's close report, the intraday futures had looked overextended in the near-term, resulting in the technical pullback overnight. We are now approaching the 200-period MA (USD 9,317), this is a benchmark average, if we close below and hold below it, then the USD 9,233 support could be tested and broken; likewise, if the average holds, then we could have one final test to the upside within this phase of the lower timeframe Elliott wave cycle. The intraday technical is unclear, we could have another move higher, but we are at an inflection point. If we close on the daily candle below yesterday's low (USD 9,291), then market bulls will need to be cautious, as it will warn that buyside sentiment could be weakening.

# Aluminium Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,522	RSI above 50	Stochastic overbought
S2	R2			
S3	R3			

Source Bloomberg

## Synopsis - Intraday

- Price is above the EMA resistance band (Black EMA's)
- RSI is above 50 (61)
- Stochastic is overbought
- Price is below the daily pivot point USD 2,534
- Technically bearish with a neutral bias yesterday, the probability of the futures trading to a new low had started to decrease, above USD 2,561.5 the intraday technical would be bullish. The strength of the upside move warned that we could trade above the USD 2,561.5 resistance; however, the RSI was in divergence, meaning we are cautious on moves higher at these levels in the near-term, as the futures were vulnerable to an intraday pullback. Lower timeframe Elliott wave analysis suggested that downside moves look like they could be countertrend. A cautious bull, the technical suggested that we could soon see an intraday pullback.
- The futures traded to a high of USD 2,254 but the move has failed to hold due to the divergence. We have sold lower in the Asian day session but remain above the EMA support band, the RSI is above 50 with price and momentum aligned to the sell side.
- A close on the 4-hour candle above USD 2,534 with the RSI above 68.5 will mean price and momentum are aligned to the buy side. Downside moves that hold at or above USD 2,338 will support a near-term bull argument, below this level the technical will be back in bearish territory.
- Bearish with a neutral bias, the upside move is struggling to hold due to the negative divergence in play. We maintain a cautious view on upside moves at these levels, as the technical is suggesting they could struggle to hold; however, we maintain our view that downside moves look like they could be countertrend based on a lower timeframe Elliott wave cycle. In theory, we need to trade lower within this corrective phase, as the pullback is not yet deep enough to be the corrective move lower that we are looking for (based on lower timeframe oscillators). This means that any upside move above USD 2,254, will be a wave extension within the existing cycle, implying caution.

# Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,842	R1	2,923	RSI above 50	Stochastic overbought
S2	2,811	R2	2,974		
S3	2,768	R3	3,022		

## Synopsis - Intraday

Source Bloomberg

- Price is above the EMA resistance band (Black EMA's)
- RSI is above 50 (62)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,923
- Technically bullish yesterday, the MA on the RSI indicated that momentum was supported. The futures were trading in a resistance zone that formed in the first two weeks of July, whilst the daily RSI was also approaching resistance. This was not a sell signal, but it warned that buyside momentum had the potential to slowdown, implying caution on upside moves. Corrective moves lower that held at or above USD 2,759 would warn that there is potentially a larger bull cycle in play, below this level the probability of the futures trading to a new high would start to decrease.
- The futures traded to a high of USD 2,945; however, the move has failed to hold, resulting in price trading below yesterday mornings levels. We remain above all key moving averages with the RSI above 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 2,923 with the RSI at or above 69.5 will mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 2,768 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the futures are rejecting the resistance zone at this point. We remain cautious on upside moves at these levels with key support now at USD 2,768, below this level the probability of the futures trading to a new high will start to decrease. If support holds, it will warn that there is potentially a larger, bullish, Elliott wave cycle in play.

# Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	16,914	R1	16,965	RSI above 50	Stochastic overbought
S2	16,732	R2			
S3	16,509	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (56)
- Stochastic is overbought
- Price is below the daily pivot point USD 17,051
- Technically bearish with a neutral bias yesterday, the probability of the futures trading to a new low had started to decrease, bringing into question the longer-term bearish Elliott wave cycle. The technical was neutral; however, above USD 17,080 the futures would be in divergence with the RSI. Not a sell signal it warned that we could see a momentum slowdown, implying caution on upside breakouts.
- The futures traded to a high of USD 17,165; however, due to the divergence in play the futures are starting to move lower. We are above all key moving averages supported by the RSI above 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle below USD 17,051 with the RSI at or below 54 will mean price and momentum are aligned to the sell side. Likewise, a close above this level will mean it is aligned to the buyside. Downside moves that hold at or above USD 16,732 will support a near-term bull argument, if broken, it will warn that the USD 16,509 fractal support could be tested and broken.
- We remain bearish with a neutral bias; the MA on the RSI is implying that momentum remains supported at this point. However, price is moving lower on a negative divergence, warning that the USD 16,732 support is looking vulnerable. Due to the divergence, we are cautious on upside moves at this point.

# Lead Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	2,118	2,092	RSI above 50	Stochastic overbought
S2	2,046			
S3	2,021			

## Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (55)
- Stochastic is overbought
- Price is below the daily pivot point USD 2,118
- Technically bullish yesterday, the MA on the RSI indicated that momentum was neutral. The RSI is testing resistance whilst the 1-hour RSI is in divergence. Not a sell signal, it warned that we could see a momentum slowdown, implying caution on upside moves. Key support is at USD 1,986, corrective moves below this level will mean that the probability of the futures trading to a new high would start to decrease.
- The futures traded to a high of USD 2,126 before entering a corrective phase. We are above all key moving averages supported by the RSI above 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 2,118 with the RSI at or above 63 will mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 1,988 will support a longer-term bull argument, if broken, the technical will have a neutral bias.
- Technically bullish, the futures are testing the EMA support band, if we hold, we will be vulnerable to another mover higher. However, we have moved lower on a lower timeframe negative divergence, meaning we remain cautious on upside moves at this point, as the technical is indicating that support levels look vulnerable.

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