

## China

Activity in China's manufacturing sector returned to increase last month after contracting for the first time in nine months in July, according to a widely watched private survey.

The Caixin manufacturing purchasing managers' index came in at 50.4 in August, up from 49.8 the month before, according to data released yesterday by financial media group Caixin. A reading above 50 indicates expansion.

The gauge is not in line with the official manufacturing PMI published yesterday by the National Bureau of Statistics, which contracted for the fourth consecutive month to 49.1, the lowest since February. The NBS blamed seasonality and extreme weather for the decline. (Bloomberg).

## Cu

China's increasingly disappointing economic recovery will delay an expected rally in copper, said Goldman Sachs Group Inc. as it slashed its forecast for next year by almost \$5,000 a ton.

The sharp drop in copper inventories that the bank had been anticipating would come much later than previously thought, it said in a note by analysts including Samantha Dart and Daan Struyven. Goldman cut its estimate for the metal to \$10,100 a ton for next year, and pushed back its previous end-2024 forecast of \$12,000 to post-2025 (Bloomberg).

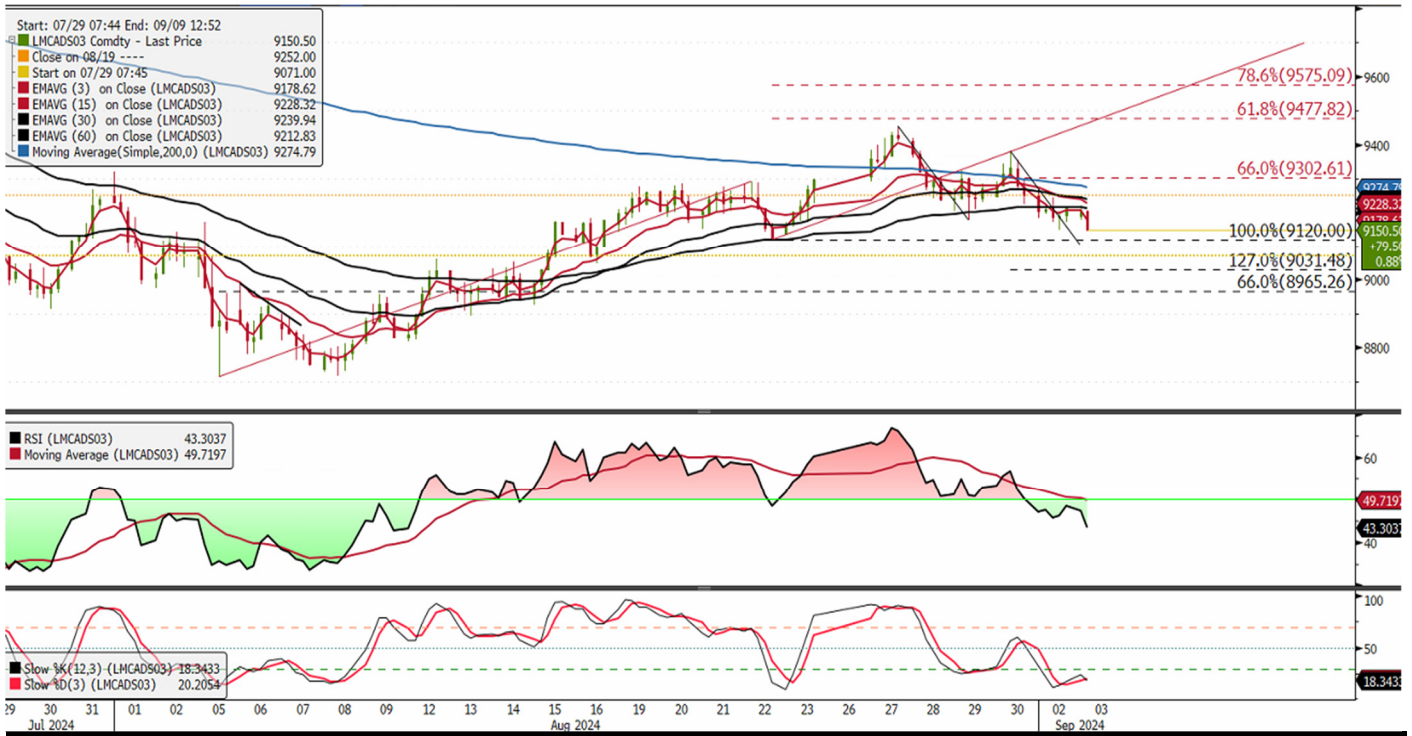
## Zn

China's zinc smelters are facing pressure to make steeper output cuts as they struggle with weak demand and processing fees that have plunged even deeper below zero.

Smelters in the world's top zinc refiner have already reduced production this year to cope with mounting losses. But that's so far failed to arrest a sharp decline in spot treatment fees, which are now at minus \$35 for each ton of imported concentrate.

Struggling smelters will have to extend output cuts as ore supplies are particularly tight, said Dina Yu, an analyst at researcher CRU Group, "It's hard to quantify the cuts needed, but smelters are for sure going to suffer through the winter (Bloomberg).

# Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	9,120	R1	9,150.5	Stochastic oversold	RSI below 50
S2	9,031	R2			
S3	8,956	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- The RSI below 50 (43)
- Stochastic is oversold
- Price is below the daily pivot point USD 9,211
- Technically bullish with a neutral bias yesterday, the MA on the RSI continued to suggest that momentum remained weak. The probability of the futures trading to a new high within this phase of the cycle was decreasing. A bearish rejection candle on Friday, alongside the weak momentum warned that support levels remained vulnerable. Key resistance was at USD 9,359, a move above this level would mean that the technical would be back in bullish territory.
- The futures continued to sell lower on the weak momentum. 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 9,211 with the RSI at or above 52 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 9,302 will leave the futures vulnerable to further tests to the downside, above this level the technical will be back in bullish territory.
- Technically bullish with a neutral bias, the MA on the RSI continues to warn that support levels are vulnerable, below USD 9,120 the intraday technical will be bearish. The probability of the futures trading to a new high is decreasing; however, corrective moves lower that hold at or above USD 8,965 will warn that there could be a larger, bullish Elliott wave cycle in play.

# Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,390	R1	2,414.5	Stochastic oversold	RSI Below 50
S2	2,338	R2			
S3	2,296	R3			

Source Bloomberg

## Synopsis - Intraday

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (40)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,430
- Technically bullish but in a corrective phase yesterday, the MA on the RSI implied that momentum remained weak. We noted that we had a 3-wave corrective move lower (A-B-C), warning that the downside move had the potential to soon exhaust, above USD 2,498 the intraday futures would be bullish based on price. However, upside moves that failed to trade above USD 2,510 would warn that there could be a larger, more complex corrective cycle in play. We had a note of caution on moves lower, despite the weak momentum.
- The futures had another small move lower before consolidating for the remainder of the session. 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 2,430 with the RSI at or above 48 will mean price and momentum are aligned to the buy side. Downside moves that hold at or above USD 2,338 will support a bull argument, below this level the technical will have a neutral bias.
- We remain bullish but in a corrective phase with the MA on the RSI continuing to warn that momentum is weak. As highlighted yesterday, we have a 3-wave corrective move lower (A-B-C), warning that the downside move has the potential to soon exhaust, whilst a move above USD 2,498 will put the technical back in bullish territory. However, upside moves that reject the USD 2,505 resistance will warn that there could be a larger, bearish corrective cycle in play. We maintain a note of caution on downside moves at these levels, as the 1-hour RSI is now showing a positive divergence; not a buy signal it does warn that sell side momentum has the potential to slow down.

# Zinc Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,828.5		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 (44)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,848
- Technically bullish yesterday, the MA on the RSI continued to suggest that momentum remained weak. The upside move previously had failed to hold above key resistance, despite the move above it, whilst our Elliott wave analysis (on a lower timeframe) remained cautious on upside moves, implying support levels remained vulnerable.
- The futures had a small move lower before consolidating for the remainder of the session, 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 2,848 with the RSI at or above 53 will mean price and momentum are aligned to the buy side. 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 MA on the RSI continues to suggest that momentum remains weak at this point, whilst our intraday Elliott wave analysis suggests caution on upside moves at this point. Having consolidated yesterday, we have seen a small move lower this morning; however, a move below USD 2,820.5 has the potential to create a positive divergence on the 1-hour chart. Not a buy signal, it is a warning that we could see a momentum slowdown below this level, implying caution on downside breakouts. We also highlight the 200-period MA at USD 2,791 as a potential area of support, as this is a benchmark average. A close below it that holds below it will further weaken the technical. This technical is conflicting between weak momentum, the potential divergence and the 200-period average, meaning we are taking a neutral stance this morning.



# Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear	
S1	16,509	R1	16,615	Stochastic oversold	RSI below 50	
S2	16,400	R2				16,771
S3	16,260	R3				16,932

## Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (41)
- Stochastic is oversold
- Price is below the daily pivot point USD 16,655
- Technically bullish but with a neutral bias yesterday, the MA on the RSI implied that momentum was weak. The probability of the futures trading to a new high had started to decrease, whilst the RSI had broken support. This warned that upside moves had the potential to be countertrend. We had seen a sharp move lower with price now approaching the 200-period MA (USD 16,515), this was a benchmark average and had the potential to act as support, implying caution on moves lower in the very near-term.
- The futures tested but have held above the 200-period MA (USD 16,536); however, we remain 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 16,655 with the RSI at or above 50.5 will mean price and momentum are aligned to the buy side. Upside moves that fail at or below USD 16,932 will leave the futures vulnerable to further tests to the downside, above this level the technical will be back in bullish territory.
- We remain bullish but with a neutral bias, below USD 16,509 the futures will be in bearish territory. The probability of the futures trading to a new high has started to decrease, whilst the MA on the RSI is implying that momentum remains weak, the RSI break previously is warning that upside moves have the potential to be countertrend. However, the futures remain above the 200-period MA, a close below it that holds below it will further weaken the technical; if we hold above it, then it will warn that there could be an underlying support in the market, as this is a benchmark average. We have a note of caution on downside moves at these levels whilst the average is in play.

# Lead Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	2,021	2,062		RSI below 50
S2	1,988			
S3	1,961			
	R1	2,051		
	R2	2,094		
	R3	2,126		

## Synopsis - Intraday

Source Bloomberg

- Price is between the EMA support band (Black EMA's)
- RSI is below 50 (49)
- Stochastic is above 50
- Price is above the daily pivot point USD 2,058
- Unchanged on the technical yesterday, we remained bearish; however, the MA on the RSI was flat, implying that momentum was neutral. Upside moves that failed at or below USD 2,094 would suggest that there could be further downside within this corrective phase; likewise, if we held above the USD 1,988 support, it would warn that there could be a larger, bullish Elliott wave cycle coming into play.
- The futures have seen light bid support, resulting in a very small move higher. We are between the EMA support band with the RSI near neutral at 49, intraday price and momentum are conflicting.
- A close on the 4-hour candle below USD 2,058 with the RSI at or below 44 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 2,094 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 1,988 will support a longer-term bull argument.
- Unchanged again today, the synopsis is copied and pasted from the previous day. We remain bearish; however, the MA on the RSI is flat, implying that momentum is neutral. Upside moves that fail at or below USD 2,094 will suggest that there could be further downside within this corrective phase; likewise, if we hold above the USD 1,988 support, it will warn that there could be a larger, bullish Elliott wave cycle coming into play.

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