

China/ U.S.

Asian equities extended their rout into a fourth day as Chinese technology shares continued to tumble, with sentiment jittery a day before the release of the US inflation report. The MSCI Asia Pacific Index fell as much as 0.8% Wednesday, hovering near the lowest level since April 2020, with consumer discretionary and communication services shares the biggest drags. China and Hong Kong benchmarks led losses in the region as Beijing doubled down on its defense of the controversial Covid Zero policy that's been the bugbear for investors. A gauge of tech stocks in the Asian financial hub fell more than 3% amid China's intensifying tech rivalry with the US. An upbeat set of aggregate financing and loans data did little to lift the markets amid ongoing slowdown concerns. "The global risk-off environment on equities due to inflation and rising rates does not help," said Vey-Sern Ling, an analyst at Union Bancaire Privee. "China has too many outstanding issues currently that drag investor sentiment. Investors may not be willing to buy equities given the macro uncertainties." Sentiment also remained fragile after Bank of England Governor Andrew Bailey said the bank would end emergency gilt purchases as planned this week, in the face of market pressure to expend the program.

US consumer price data due Thursday will be crucial in defining the size of the Federal Reserve's interest-rate hike at the November meeting. Economists expect inflation to top 8% again. (Bloomberg).

Cu/Al

Copper declined following two days of gains as global recession fears mounted, while Chinese demand for the metal showed further signs of weakening.

Regarded as an indicator of the world's economic strength, copper has been on a roller-coaster ride this year and is down almost 30% since hitting a record in March.

Investor concerns that hawkish central-government policymakers could exacerbate a global slowdown re-emerged on Tuesday, when Bank of England Governor Andrew Bailey said it would end special support of the gilts market on Friday. (Bloomberg).

Copper Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	7,520		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 above 50
- Price is on the daily pivot point USD 7,519
- Technically bearish yesterday the rejection of the USD 7,728 resistance warning that support levels could be vulnerable. The futures traded to a low of USD 7,455 but failed to test the USD 7,437.5 fractal support, resulting in price moving higher, to produce a long legged Doji on the daily chart, representing downside rejection but also indecision in the market. Economic woes offset against Thursdays CPI figures will be a factor in the indecision. Price is below the EMA resistance band, which is flat, indicating a lack of trend in the market. The RSI is below 50 with price and momentum conflicting.
- A close on the 4-hour candle below USD 7,519 with the RSI at or below 46 will mean price and momentum are aligned to the sell side; likewise, a close above this level with the RSI at or above 50.5 will mean it is aligned to the buyside. The futures have again failed to trade above the USD 7,728 resistance, leaving the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. Downside moves below USD 7,437.50 will target the USD 7,372 and USD 7,297 support levels.
- Technically we remain bearish with price rejecting resistance; however, a small note of caution based on yesterday's candle, although it represents indecision, the rejection element of the candle would suggest that upside moves above USD 7,638 will leave resistance levels vulnerable.

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,197	R1	2,278	2,238	RSI below 50
S2	2,191	R2	2,305		
S3	2,136	R3	2,342		

Source Bloomberg

Synopsis - Intraday

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (46)
- Stochastic is below
- Price is on/above the daily pivot point USD 2,236
- Technically bearish yesterday with the failure to test resistance warning that the technical remained weak, A minor positive divergence however had suggested caution as it warned of a potential momentum slow-down. Price action replicated copper yesterday with a move lower in the morning before moving higher in the U.S. session. We are below the EMA support band with the RSI below 50 whilst price and momentum conflict.
- A close on the 4-hour candle above USD 2,236 with the RSI at or above 50 will mean price and momentum are aligned to the buy side. Likewise, a close below this level will mean it is aligned to the sell side. Upside moves that fail at or below USD 2,342 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- The futures remain technically bearish and in a corrective phase with price moving higher on the back of the positive divergence. A downside rejection candle yesterday will need to be monitored as it warns that we are seeing buying support in the market ahead of tomorrow's data.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,885	R1	2,945	Stochastic oversold	RSI below 50
S2	2,855	R2	2,938		
S3	2,812	R3	2,975		

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 2,941
- Technically bearish yesterday with the futures rejecting the EMA resistance band, resulting in the futures moving lower, the futures have now traded below the USD 2,937.5 fractal support, meaning resistance levels have dropped significantly. Price is below the EMA resistance band 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 2,941 with the RSI at or above 46.5 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 2,975 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. Only above USD 3,011.5 is the intraday technical bullish.
- Technically bearish, the futures are finding buying support on the open on the back of a rising RSI on a lower timeframe (it failed to diverge by USD 3.00). Key resistance levels to follow are USD 2,975 and USD 3,011.5, downside moves below 2,904.5 will create a positive divergence with the RSI on the 1-hour technical. Not a buy signal it does warn we have the potential to see a momentum slowdown and will need to be monitored if we trade to new lows.

Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	21,757	R1	22,148	Stochastic oversold	RSI below 50
S2	21,482	R2	23,320		
S3	21,015	R3	24,081		

Synopsis - Intraday

Source Bloomberg

- 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 22,148
- Technically bearish but with a lack of any real direction we held a neutral bias. The futures did see a small move to the downside resulting in price moving below the EMA resistance band. The RSI is below 50 whilst price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 22,148 with the RSI at or above 51.5 will mean price and momentum are aligned to the buy side. Upside moves that fail at or below USD 24,081 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish the futures remain above USD 21,757, if we hold this level on the open it will support a near-term bull argument; if broken, it will warn that the USD 21,015 – USD 20,940 support zone could be vulnerable.

Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,008	R1	2,025	RSI above 50	
S2	1,970	R2			
S3	1,932	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (56)
- Stochastic is below 50
- Price is above the daily pivot point USD 2,008
- Technically bullish but in a corrective phase yesterday, momentum warned that the futures were vulnerable to further tests to upside; however, we had a note of caution due to sector weakness, price held support and moved higher. The futures 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 above USD 2,008 with the RSI at or above 58 will mean price and momentum are aligned to the buy side. Likewise, a close below this level with the RSI at or below 53.5 will mean it is aligned to the sell side. Upside moves above USD 2,065 will break fractal resistance, indicating the intraday technical is bullish. Downside moves that hold at or above USD 1,932 will support a bull argument, below this level the technical will have a neutral bias. The futures have held above key support.
- Technically we remain bullish but in a corrective phase with the futures now moving higher, key resistance to follow is at USD 2,065, if broken it will warn the USD 2,093.5 fractal high is vulnerable.

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