

China

Italy has signaled to the US that it intends to pull out of a controversial investment pact with China before the end of the year.

Italian Prime Minister Giorgia Meloni reassured US House Speaker Kevin McCarthy during a meeting in Rome last week that while a final decision hasn't been taken, her government is favoring an exit from its role in China's massive Belt and Road Initiative, according to people present at the talks.

Italy signed onto the infrastructure initiative in 2019 when Giuseppe Conte was premier, becoming the only Group of Seven country to become part of the deal. Participation will automatically renew in 2024 unless Rome actively exits the agreement.

Italy, like much of Europe, has been caught between escalating tensions between Washington and Beijing, which have compounded in light of Beijing's continued support for Russia. European countries are struggling to balance a desire to engage with China on trade and investment while pushing back against claims of economic coercion. (Bloomberg).

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	8,454	R1	8,599		Stochastic overbought
S2	8,426	R2			
S3	8,412	R3			

Synopsis - Intraday

Source Bloomberg

- Price is between the EMA Resistance band (Black EMA's)
- RSI is below 50 (49)
- Price is below the daily pivot point USD 8,603
- Stochastic is overbought
- Technically bearish with upside moves considered as countertrend based on our intraday Elliott wave analysis yesterday. We had a note of caution as the futures had formed a base for the previous seven sessions whilst failing to trade to a new low, warning that resistance levels could come under pressure. The futures have moved sideways with price remaining between the EMA resistance band; the RSI is near neutral at 49 whilst price and momentum are aligned to the buy side, as the previous candle closed above USD 8,603.
- A close on the 4-hour candle below USD 8,603 with the RSI at or below 40.5 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 8,834 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- The technical is unchanged from yesterday due to the sideways price action. Upside moves are still considered as countertrend based on our wave analysis; however, we remain cautious on downside moves due to the futures forming a base at lower levels. One difference is momentum, which is conflicting. The MA on the RSI would suggest it is supported, but the RSI is near neutral at 49 whilst the stochastic is overbought. If the RSI holds below 50, then momentum suggests that the base support could be tested; likewise, if the RSI moves above 50, then the stochastic is considered as less relevant. Bearish, but lacking directional bias.

Aluminium Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,314.5		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 (46)
- Stochastic is overbought
- Price is below the daily pivot point USD 2,317
- The futures had moved higher on the positive divergence a few days ago but rejected the key resistance on the open yesterday. Technically, the USD 2,277.50 fractal low was still vulnerable; however, a new low would create a second positive divergence with the RSI, suggesting caution on downside breakouts. Having moved lower on the Asian open the futures found buying support in the European morning session but failed to hold above the USD 2,332 resistance. 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 2,317 will mean price and momentum are aligned to the buyside; likewise, a close below this level with the RSI at or below 42 will mean it is aligned to the sell side. Upside moves that fail at or below USD 2,349 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 with price below the USD 2,363 resistance, meaning we remain vulnerable to further tests to the downside. However, we have conflicting momentum indicators as the MA on the RSI is turning higher, implying momentum is supported; but the RSI is below 50 with the stochastic is in overbought territory, warning we could potentially see another test to the downside, if the RSI remains below 50. The technical is vulnerable to a move lower but we remain cautious below USD 2,277.50 as we have the potential to create a second divergence below this level. Note: if we make a new low without a divergence in play then market sellers will look to test the USD 2,254 low.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear	
S1	2,598	R1	2,673	RSI above 50	Stochastic overbought	
S2	2,580	R2				2,730
S3	2,542	R3				2,777

Synopsis - Intraday

Source Bloomberg

- Price is between the EMA resistance band (Black EMA's)
- RSI is above 50 (52)
- Stochastic is overbought
- Price is below the daily pivot point USD 2,675
- Technically bearish yesterday, the MA on the RSI suggested that momentum was supported in the near-term. However, intraday Elliott wave analysis implied that the current upside move was potentially countertrend, making USD 2,777 the key resistance to follow. The futures remain below the USD 2,969 resistance with price now trading in the EMA resistance band. The RSI is above 50 with intraday price and momentum conflicting.
- A close on the 4-hour candle below USD 2,675 with the RSI at or below 49 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 2,777 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, intraday Elliott wave analysis continues to suggest that upside moves should be considered as countertrend at this point. However, the MA on the RSI would suggest that momentum remains supported in the near-term, implying resistance levels remain vulnerable at this point, making USD 2,777 the key level to follow.

Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear	
S1	23,100	R1	23,495	Stochastic oversold	RSI below 50	
S2	22,335	R2				23,895
S3	21,800	R3				24,730

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (42)
- Stochastic is oversold
- Price is below the daily pivot point USD 23,895
- Technically bullish but in a corrective phase yesterday, the two-rejection candles on the daily chart and the deep pullback would suggest that support levels remained vulnerable. If we did start to see intraday closes above USD 24,965 it would imply that momentum based on price was starting to strengthen, leaving the USD 25,950 fractal high vulnerable. The futures continued to move lower with price trading through two of the three support levels. 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 23,895 with the RSI at or above 48.5 will mean price and momentum are aligned to the buyside.
- Bullish with a neutral bias, the MA on the RSI would imply that momentum remains weak at this point, suggesting the USD 23,100 fractal support is vulnerable. If broken, the intraday technical will be considered bearish.

Lead Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,130.5	RSI above 50	Stochastic overbought
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 2,127
- Technically bullish with a neutral bias yesterday, the MA on the RSI suggested that momentum remained weak, however the MA had started to flatten a little, meaning momentum was not as weak as it had been previously. A close on the 4-hour candle above USD 2,121 would warn that momentum based on price was starting to strengthen, suggesting resistance levels could come under pressure. We remained cautious on upside moves. The futures closed above the USD 2,121 level resulting in price trading to a high of USD 2,140.50 before coming under light selling pressure on the Asian open. Price is above the EMA resistance band with the RSI neutral at 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 2,127 with the RSI at or below 45.5 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 2,148 will leave the futures vulnerable to further tests to the downside, above this level we target the USD 2,174 fractal high.
- Technically we remain bullish with a neutral bias; however, the upside move remains below our key resistance at USD 2,148, leaving us cautious below this level. The MA on the RSI would suggest momentum is neutral whilst the RSI is at 50 with the stochastic in overbought territory. If the RSI moves below and holds below 50, then momentum would suggest the futures will be vulnerable to a test to the downside. Likewise, a close on the 4-hour candle below USD 2,118.50 will imply that momentum based on price is starting to weaken. The EMA's lack directional bias at this point, as does the daily technical, suggesting this could be one to avoid from a technical perspective.

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