

China

Chinese shares were down for a third straight session on Thursday as sentiment was dampened by the US Federal Reserve's hawkish stance even after deciding to keep interest rates steady.

The Shanghai Composite Index, the main gauge of Chinese stocks, fell 0.7%, or 22.85 points, to 3,085.72. The Shenzhen Component Index likewise edged down 0.9%, or 89.98 points, to 9,982.48.

Investors exercised caution, observing the Fed's decision to maintain interest rates and adopt an increasingly hawkish monetary policy stance. Officials believe that this approach could lower inflation without affecting the economy or leading to large job losses.

"So surveys are showing dissatisfaction. And I think a lot of that is just people hate inflation, hate it. And that causes people to say the economy is terrible," said Powell. (Bloomberg).

Cu

Copper is poised to return below \$8,000 a ton this year, and prices could remain in a downtrend until 2025, according to Yang Changhua, analyst at Beijing Antaika Information Development Co.

Contraction in global manufacturing has led to weak copper demand, and new-energy sectors aren't enough to compensate yet, Yang tells Antaika's conference in Kunming, China

Antaika "remains worried" about demand 4Q and next year: Yang

Sees prices dropping to \$7,800 a ton later in 2023, and downward cycle could last until 2H 2024 or "even 2025"

Yang says it's hard to judge real market surplus or deficit from inventories, because large volumes may be held away from exchange warehouses in so-called "invisible" stockpiles

Copper is trading at around \$8,300 on LME, little changed since start of 2023; it dipped below \$8,000 in May

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	8,261	R1	8,335		RSI below 50
S2	8,232	R2	8,358		
S3	8,191	R3	8,389		

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (42)
- Price is below the daily pivot point USD 8,338
- Stochastic is below 50
- Technically bearish yesterday, the MA on the RSI continued to imply that momentum was weak with price rejecting the Fibonacci resistance zone. This suggested that the USD 8,262 had the potential to be tested and broken. We noted that the trend support on the 15-month symmetrical triangle from last Friday's technical was at USD 8,192, making this an area of interest if tested, as market bulls would want to defend it. The futures moved higher but rejected the USD 8,389 resistance resulting in price gapping lower on the open. We remain 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 8,338 with the RSI at or above 46 will mean price and momentum are aligned to the buy side. Upside moves that fail at or below USD 8,389 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- The futures have now traded below the USD 8,262 support to a low of USD 8,260. The new low means that the RSI is now in divergence with price, not a buy signal it is a warning that we have the potential to see a momentum slowdown and will need to be monitored. However, lower timeframe Elliott wave analysis does suggest that that we have a potential downside target at USD 8,232, if broken then we target the USD 8,213 fractal low from the 08/09/23.

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,197	R1	2,243	RSI above 50	Stochastic overbought
S2	2,183	R2			
S3	2,167	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (59)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,241
- We remained bearish with a neutral bias yesterday with the MA on the RSI turning higher, warning we were starting to see momentum support. Based on price and the MA/RSI combination, the technical warned that resistance levels are vulnerable. However, the move higher between the 08/09 and the 14/09 did not look to be bullish impulse, meaning the technical was conflicting. For this reason, we had a neutral bias as the lower timeframe Elliott wave cycle continued to suggest that support levels were vulnerable. The move came to the upside with price trading to a new high, price is above all key moving averages supported by the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 2,241 with the RSI at or below 54.5 will mean price and momentum are aligned to the sell side. Downside moved that hold at or above USD 2,223 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish due to the futures trading to a new high, the RSI has gone from a lower low to a new high. We had a neutral bias and a conflicting technical yesterday as the intraday Elliott wave cycle was not the clearest due to the momentum support; however, based on the move higher it would suggest there has been some form of bull wave extension, resulting in the oscillator trading to a new high. This would imply that downside moves have the potential to be countertrend in the near-term.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,508	R1	2,528	RSI above 50	Stochastic overbought
S2	2,479	R2	2,537		
S3	2,469	R3	2,555		

Synopsis - Intraday

Source Bloomberg

- Price is between the EMA support band (Black EMA's)
- RSI is above 50 (51)
- Stochastic is overbought
- Price is below the daily pivot point USD 2,528
- Technically bearish with a neutral bias yesterday, the MA on the RSI continued to suggest that momentum was weak whilst the RSI had moved below 50, in theory support levels were now vulnerable. However, we had a small note of caution, as the intraday 30-min chart was in divergence, warning downside momentum was slowing. The lower timeframe move lower looked to consist of 5-waves, suggesting that upside moves should still be considered as countertrend, making the USD 2,555 resistance the key level to follow. The futures did move higher on the back of the lower timeframe divergence resulting in the USD 2,555 resistance level being breached, the Elliott wave cycle although bearish now has a neutral bias; however, based on price the technical is bullish as fractal resistance has been broken. The futures did see a pullback into the close and have moved lower on the Asian open, meaning we are now trading in the EMA support band with the RSI holding just above 50, intraday price and momentum are currently conflicting.
- A close on the 4-hour candle above USD 2,528 with the RSI at or above 53.5 will mean price and momentum are aligned to the buy side; likewise, a close below this level with the RSI at or below 49 will mean it is aligned to the sell side. Downside moves that hold at or above USD 2,508 will support a near-term bull argument, below this level the USD 2,480 fractal low will be vulnerable.
- The break in fractal resistance means the technical is bullish based on price, whilst the move above USD 2,555 means the Elliott wave cycle has a neutral bias. As noted yesterday, the original downside move that started on the 14/09 looks to have consisted of 5 waves, implying yesterday's move higher should in theory be considered as countertrend. The breach in the resistance means we are a cautious bear, but if the USD 2,508 support is broken, then the wave cycle will be back in bearish territory warning support levels could come under pressure, making USD 2,508 the key support to follow.

Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	19,394	R1	19,460	Stochastic oversold	RSI below 50
S2	19,175	R2			
S3	18,898	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (39)
- Stochastic is oversold
- Price is below the daily pivot point USD 19,770
- Technically we were bearish with price below key resistance yesterday. However, the futures were moving higher on the back of a positive divergence, whilst the MA on the RSI had starting to turn higher, warning that resistance levels were starting to look vulnerable. From an Elliott wave perspective, the downside move to a new low meant that we were looking at an Elliott wave extension which we had feared but could not foresee; hence the neutral bias previously, as the technical and wave cycle were conflicting. A cautious bear due to the divergence with resistance looking like it could be tested. The resistance held yesterday resulting in the futures trading to a new low, price is 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 19,770 with the RSI at or above 45.5 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 19,932 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 are still in divergence dating back the 13/09/23; however, the near-term RSI has now traded below the low created on the 17/09, suggesting upside moves should be considered as countertrend. A moves above USD 19,932 will be considered as deep, meaning that the probability of the futures trading to a new low will decrease.

Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,166	R1	2,216	Stochastic oversold	RSI below 50
S2	2,132	R2	2,241		
S3	2,108	R3	2,264		

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (39)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,228
- The technical was conflicting yesterday as the Elliott wave cycle continued to suggest that the technical is bullish but the MA on the RSI warned that momentum was weak. We noted that the futures may move lower in the near-term; however, we remained cautious on downside moves, as our longer-term view based on the wave cycle implied that resistance levels remained vulnerable. We have seen a near-term move to the downside that has breached the USD 2,187 level, meaning the technical has a neutral bias, the probability of the futures trading to a new high has now decreased. Price is 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 2,216 with the RSI at or above 49.5 will mean price and momentum are aligned to the buy side. Upside moves that fail at or below USD 2,240 will leave the futures vulnerable to further tests to the downside, above this level we target the USD 2,270 fractal resistance.
- Technically bullish but with a neutral bias, the breach in the USD 2,187 support is warning that the Elliott wave cycle could potentially fail; however, confirmation of this will only come on a move below USD 2,132, as this is the low of the bullish impulse wave 3. The MA on the RSI suggests that momentum remains weak, whilst the RSI is making new lows, implying upside moves should be considered as countertrend. This would suggest there is further downside to come, meaning support levels remain vulnerable at this point.

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