

## China

China's central bank may cut the amount lenders must hold in cash for the third time this year to help fund a last-minute rush of stimulus spending.

The People's Bank of China may slash the reserve requirement ratio for banks by 25 basis points in the next two weeks to ease liquidity pressure amid a bonanza bond sale, according to economists at Citic Securities Co., Natixis SA and Jones Lang Lasalle Inc.

China is raising the fiscal deficit ratio and authorizing the sale of 1 trillion yuan (\$137 billion) of sovereign debt in the remaining months of the year to jumpstart the stuttering economy into next year. Banks have already been strained by a deluge of debt sales in recent months, and a RRR cut may be the PBOC's next policy move after it provided more short-term cash and one-year policy loans. (Bloomberg).

## Copper

Copper extended gains as supply tightens in the world's top consuming country.

Copper rose after recording its first weekly gain in four on Friday following Beijing's rare mid-year budget adjustment that helped boost sentiment. Chinese supply is tightening, with exchange inventories dropping to a 13-month low, while holdings at bonded warehouses fell to a record 23,100 tons, according to Shanghai Metals Market. (Bloomberg)

# Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	8,064	R1	8,199	RSI above 50	Stochastic overbought
S2	80,44	R2	8,265		
S3	8,017	R3	8,377		

## Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (59)
- Price is above the daily pivot point USD 8,066
- Stochastic is above 50
- Technically bearish on the report just over a week ago, the futures had started to roll over to the sell side; However, having failed to make a new low whilst we still had the potential to produce a positive divergence below USD 7,870, we remained cautious on downside moves. The futures did produce a move lower resulting in the positive divergence coming into play; the move failed to hold with price moving higher. The futures are above the EMA resistance band with the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 8,066 with the RSI at or below 51 will mean price and momentum are aligned to the sell side, below this level the technical will have a neutral bias.
- The intraday technical is now bullish and is supported by the RSI making new highs, warning downside moves have the potential to be countertrend. However, upside moves that fail at or below USD 8,199 will warn that we potentially have a larger bearish Elliott wave cycle in play.

# Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,211	R1	2,231	RSI above 50	Stochastic overbought
S2	2,203	R2			
S3	2,187	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is above the EMA resistance band (Black EMA's)
- RSI is above 50 (59)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,211
- We had a neutral bias on the last report as the MA on the RSI suggested that price was supported with price moving higher on the back of a positive divergence with the RSI. However, price was below the EMA resistance band with the RSI below 50 whilst the stochastic was overbought, leaving momentum conflicting. The futures did have a test to the downside, but failed to make a new low, resulting in price moving higher. We are now above the EMA resistance band with the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 2,211 with the RSI at or below 53 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 2,203 will support a near-term bull argument, below this level the USD 2,187 fractal support will be vulnerable.
- Technically bearish but with a neutral bias, the upside move above USD 2,220 means that the probability of the futures trading to a new low has now started to decrease, only above USD 2,252 is the intraday technical bullish. In theory resistance levels are starting to look vulnerable due to the key resistance being broken; However, we have a negative divergence with the RSI on the 1-hour technical that means we are cautious on upside moves at this point.

# Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,461	R1	2,489	RSI above 50	
S2	2,427	R2	2,509		
S3	2,396	R3	2,544		

## Synopsis - Intraday

Source Bloomberg

- Price is above the EMA resistance band (Black EMA's)
- RSI is above 50 (54)
- Stochastic is above 50
- Price is above the daily pivot point USD 2,461
- Unchanged on the technical a week ago, we remained bearish with upside moves considered as counter-trend. Key resistance was still at USD 2,489, if broken the probability of the futures trading to a new low would start to decrease. The futures have traded to a high of USD 2,488 meaning the intraday technical remains bearish at this point. Price is above the EMA resistance band with the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 2,461 with the RSI at or below 50 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 2,489 will leave the future vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, the USD 2,488 fractal resistance is starting to look vulnerable, above USD 2,489 the probability of the futures trading to a new low will start to decrease. However, the technical is only considered as bullish above USD 2,544, whilst a move above USD 2,488 will create a negative divergence with the RSI on the 1-hour chart. For this reason, we remain cautious on upside moves at this point.

# Nickel Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	18,244	R1	18,582	18,480	RSI above 50	Stochastic overbought
S2	17,925	R2	18,760			
S3	17,816	R3	18,984			

## Synopsis - Intraday

Source Bloomberg

- Price is above the EMA resistance band (Black EMA's)
- RSI is above 50 (54)
- Stochastic is overbought
- Price is above the daily pivot point USD 18,244
- Technically bearish with the futures consolidating previously, we were cautious on downside moves due to the divergence in play. The futures did move lower, but due to the divergence the move failed to hold, resulting in price moving higher. We are now above the EMA resistance band with the RSI above 50, intraday price and momentum are aligned to the buyside. The technical, although still bearish, now has a neutral bias.
- A close on the 4-hour candle below USD 18,244 with the RSI at or below 44 will mean price and momentum are aligned to the sell side.
- Technically bearish with a neutral bias, the futures are moving higher on the back of as positive divergence with the RSI. The depth of the pullback would suggest that the probability of the futures trading to a new high has started to decrease, warning resistance levels are vulnerable.

# Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,113	R1	2,121.5	RSI above 50	Stochastic overbought
S2	2,091	R2			
S3	2,074	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is above the EMA resistance band (Black EMA's)
- RSI is above 50 (56)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,113
- Technically bearish with upside moves considered as countertrend on the previous report. The futures have moved higher with price now above the EMA resistance band supported by the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 2,113 with the RSI at or below 49.5 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 2,125 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. Likewise, downside moves that hold at or above 2,091 will support a near-term bull argument, below this level we target the USD 2,074.5 fractal support.
- Technically bearish, the futures are currently testing key resistance. If broken, the depth of the pullback will warn that the probability of the futures trading to a new low will have started to decrease. However, until broken, the intraday Elliott wave cycle continues to warn that the upside move is potentially countertrend.

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