

China

China will cut the reserve requirement ratio for banks in early February to unleash more money and help the economy, according to People's Bank of China Governor Pan Gongsheng.

A 0.5 percentage-point cut to the ratio, the amount of cash that banks have to keep in reserve, will provide 1 trillion yuan (\$139 billion) in long-term liquidity to the market, Pan said during a briefing with the press Wednesday.

Lowering the RRR frees up liquidity so banks can extend loans to customers and buy more bonds to support economic growth. The central bank cut the RRR twice in 2023, with the last reduction taking place in September. (Bloomberg).

Al

Asian aluminum stocks such as Chalco advance after the metal climbed on a report from Politico that the EU is considering sanctions on Russian products.

Aluminum rose 3.2% on Tuesday, the biggest daily increase in a month

STOCKS TO WATCH

Australia: South32 and Alumina each gain as much as +3.1%

Japan: UACJ +2.9%, Nippon Light Metal +3.2%, Daiki Aluminium +2.7%

In Hong Kong, Chalco +5.3%, China Hongqiao +4.2%; Shandong Nanshan +2.9% in mainland China

In India, monitor Hindalco and National Aluminium

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	8,389	R1	8,419	RSI above 50	Stochastic overbought
S2	8,357	R2			
S3	8,336	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA resistance band (Black EMA's)
- The RSI above 50 (55)
- Price is above the daily pivot point USD 8,389
- Stochastic is overbought
- Technically with a neutral bias yesterday, the MA on the RSI continued to suggest that momentum was supported, with price looking like it is in a countertrend Elliott wave B. Key resistance in terms of the wave cycle was at USD 8,555, the cycle was bearish below this level and neutral above, the momentum support did however suggest that resistance levels could come under pressure in the near-term. The futures continue to move higher with price now trading in the resistance zone. We are above all key moving averages with the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 8,389 with the RSI at or below 50 will mean price and momentum are aligned to the sell side. Upside moves above USD 8,460 will mean the intraday technical is bullish based on price; however, key resistance in terms of the Elliott wave cycle is at USD 8,555. Only above this level does the wave cycle become neutral.
- The technical remains bearish with price moving higher in what looks to be countertrend Elliott wave B. The MA on the RSI continues to suggest that momentum is supported at this point. If we do see the 4-hour candle close below USD 8,406, it will warn that buyside momentum is slowing, meaning we could see the futures test and break the USD 8,389 daily pivot level. Momentum is bullish, but the futures are approaching the intraday 4-hour simple moving average (USD 8,442), a close above that holds above the average will further support a near-term bull argument; however, a rejection of the average will warn that support levels could come under pressure.

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,208	R1	2,242	RSI above 50	Stochastic overbought
S2	2,151	R2			
S3	2,122	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA resistance band (Black EMA's)
- RSI is above 50 (63)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,208
- Technically bearish yesterday, the RSI had held MA support whilst in divergence previously, implying sell side momentum was slowing, meaning the futures were now vulnerable to a countertrend move higher. We were cautious on downside moves at these levels, as the technical suggested that we were overextended to the downside. The futures have seen a strong move higher with price now testing the base of the Fibonacci resistance zone. Price is above all key moving averages with the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 2,208 with the RSI at or below 42.5 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 2,316 will leave the futures vulnerable to further test to the downside, above this level the technical will have a neutral bias.
- We remain technically bearish; the upside move yesterday on the back of the positive divergence means that we are now in what looks to be a countertrend Elliott wave B. The MA on the RSI is indicating that momentum is supported, implying resistance levels remain vulnerable. The futures have closed above the 200-period Intraday MA (USD 2,227), if we hold above this level, it will further support a near-term bull argument. However, a close below this level will warn that support levels could come under pressure. If we trade above the USD 2,316 resistance, then the probability of the futures trading to a new low will start to decrease, warning the Bearish Elliott wave cycle could fail.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,508	R1	2,543	RSI above 50	Stochastic overbought
S2	2,496	R2			
S3	2,480	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA resistance band (Black EMA's)
- RSI is above 50 (60)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,505
- Technically bearish with upside moves considered as countertrend yesterday, we noted that the futures were testing the daily 200-period MA at USD 2,490, if we closed above and held above this level it would warn that resistance levels would start to look vulnerable. A close above USD 2,510 would be above the weekly pivot point, further supporting a bull argument. Key resistance was at USD 2,556, if broken, then the probability of the futures trading to a new low will start to decrease. The MA on the RSI implied that intraday momentum was supported. The futures moved higher on the momentum support with price closing above the 200-period MA (daily and intraday) and the weekly pivot level. We are above all key moving averages with the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 2,505 with the RSI at or below 45 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 2,556 will leave the futures vulnerable to further test to the downside, above this level the technical will have a neutral bias.
- Technically, we are still in bearish territory. However, we have seen a strong impulse move higher that has put price above key longer-term averages, meaning price is now approaching the USD 2,556 resistance. The MA on the RSI is indicating that momentum remains supported, implying resistance levels are still vulnerable. If we trade above USD 2,556, then the probability of the futures trade to a new low will start to decrease, meaning there is an increased chance of the corrective bear cycle failing. Downside moves on the 4-hour candle that close below USD 2,525 will warn that the daily pivot at USD 2,505 could be tested and broken.

Nickel Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	16,340	RSI above 50	Stochastic overbought
S2	R2			
S3	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA resistance band (Black EMA's)
- RSI is above 50 (55)
- Stochastic is overbought
- Price is above the daily pivot point USD 16,203
- Technically bearish in terms of the Elliott wave cycle yesterday, the futures had broken the USD 16,345 fractal resistance on the open, meaning the futures had made a higher high. This warned that the USD 16,460 – USD 16,871 Fibonacci resistance zone was starting to look vulnerable. If we did trade above USD 16,871, then the probability of the futures trading to a new low would start to decrease. Having traded higher on the open the futures moved sideways for the rest of the session. We remain above all key moving averages with the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 16,203 with the RSI at or below 46 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 16,871 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Unchanged on the technical today, the futures are holding above the EMA resistance band with the MA on the RSI suggesting momentum is supported, implying resistance levels remain vulnerable. A close on the 4-hour candle below USD 16,278 will warn that the USD 16,203 pivot could be broken, if it is, then we could see an intraday move lower. Momentum is supported; however, we should highlight that the futures are testing the daily EMA resistance band, suggesting caution on moves higher.

Lead Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,142	RSI above 50	Stochastic overbought
S2	R2			
S3	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (70)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,153
- Technically bearish yesterday with upside moves considered as countertrend, if we traded above USD 2,209 then the probability of the futures trading to a new low would start to decrease. The MA on the RSI implied momentum was supported, meaning resistance levels remained vulnerable, whilst the new high on the RSI warned that support levels could hold if tested in the near-term. The futures continue to move higher on the momentum support, we remain above all key moving averages with the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 2,153 with the RSI at or below 61.5 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 2,209 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 USD 2,090 will support a near-term bull argument, below this level the USD 2,049 fractal support will start to look vulnerable.
- We remain in bearish territory with price continuing to move higher on the momentum support. The new high on the open means that the 1-hour RSI is in divergence with price, not a sell signal, it is a warning that we have the potential to see a momentum slowdown, which will need to be monitored. A close on the 4-hour candle below USD 2,163 will warn that the daily pivot level (USD 2,153) could be tested and broken. The RSI on the 22/01 would suggest that support levels should hold if tested in the near-term; however, if we do trade below USD 2,090, then the USD 2,049 fractal support will start to look vulnerable. 4-hour momentum is supported, but due to the 1-hour divergence, we are now cautious on intraday upside moves higher.

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