

China

China's consumer prices fell last month at the fastest pace since the global financial crisis, piling pressure on the government to step-up support for a stumbling economic rebound that's roiling markets.

The consumer price index dropped 0.8% in January from a year ago, the National Bureau of Statistics said Thursday, the weakest since September 2009. The drop was worse than economists' expectations for a 0.5% decline.

"The CPI data today shows China faces persistent deflationary pressure," said Zhiwei Zhang, president and chief economist at Pinpoint Asset Management Ltd. "China needs to take actions quickly and aggressively to avoid the risk of deflationary expectation to be entrenched among consumers." (Bloomberg).

Metals

Copper and other metals drifted lower as a rally in Chinese stock markets lost steam, indicating that investors remain skeptical about whether Beijing will take more forceful steps to sustain the nascent market recovery.

The price of copper slipped 0.3% in London after a volatile trading session in the Chinese market, as traders weighed a slew of fresh support moves ranging from wider trading curbs to a pledge by the nation's sovereign wealth fund to boost equities holdings. All eyes are now on a reported plan by regulators to brief President Xi Jinping on markets.

At a fundamental level, there were mixed signals on the supply front, after refined copper output in China fell 3% month-on-month in January, due to maintenance work and tight supply of blister, according to researcher Shanghai Metals Market.

Meanwhile, data from the Democratic Republic of Congo's mining ministry showed copper exports jumped 17% in 2023, while Peru's copper output also hit a record. Both countries are vying to be the world's second-largest producer after Chile, and their higher output comes as miners elsewhere struggle to boost production.

Copper was 0.3% lower at \$8,381 a ton on the London Metal Exchange as of 11:56 a.m. local time, following a 0.5% gain Tuesday. Most other metals were lower, with zinc losing 1% and aluminum dropping 0.2%. (Bloomberg)

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	8,342	R1	8,451	Stochastic oversold	RSI below 50
S2	8,273	R2	8,499		
S3	8,231	R3	8,565		

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA Resistance band (Black EMA's)
- The RSI below 50 (39)
- Price is above the daily pivot point USD 8,342
- Stochastic is oversold
- Technically bearish yesterday, momentum indicators were neutral; however, based on the recent low on the RSI, we maintained our view that upside moves should be considered as countertrend. If we did trade above the USD 8,587 resistance, then the probability of the futures trading to a new low would start to decrease, warning the bearish corrective cycle could terminate early. The futures have continued to trade to new lows with price remaining below all key moving averages supported by the RSI below 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle above USD 8,342 with the RSI at or above 42 will mean price and momentum are aligned to the buy side; likewise, a close below this level with mean it is aligned to the sell side. Upside moves that fail at or below USD 8,565 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, the MA on the RSI has now started to flatten, warning sell side momentum is starting to slow down. On the 1-hour chart the RSI is in divergence with price, also warning we could be about to see a momentum slowdown. The lower timeframe technical is warning that this phase of the cycle is showing signs of exhaustion; however, if our Elliott wave analysis is correct, this move lower looks to be a bearish wave A, meaning the next move higher should in theory be a countertrend wave B. Key resistance is at USD 8,565, if we trade above this level then the probability of the futures trading to a new low will start to decrease, warning the bearish wave cycle has a greater chance of failure. We are cautious on downside moves at this point.

Aluminium Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,225.50		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 (48)
- Stochastic is above 50
- Price is above the daily pivot point USD 2,223
- Technically bearish yesterday, the futures were potentially in the early stages of a countertrend move higher. The 200 period MA (daily) was at USD 2,225 meaning we did close just above it previously (USD 2,230.5) with price trading on it yesterday morning. As noted on Tuesday, due to the RSI breaking support and making a new low, we maintained our view that upside moves should be considered as countertrend. We are now consolidating with price moving sideways below the EMA resistance band supported by the RSI below 50, intraday price and momentum are aligned to the buy side.
- A close on the 4-hour candle below USD 2,223 with the RSI at or below 43.5 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.
- Unchanged today, we remain bearish with upside moves looking like they could be countertrend, the 200-period EMA remains at USD 2,225, meaning we continue to trade on it.

Zinc Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,413	Stochastic oversold	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 (32)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,415
- Technically bearish yesterday, intraday Elliott wave analysis indicated we had a potential downside target at USD 2,327. However, below USD 2,416 the futures would be in divergence with the RSI, not a buy signal it warned that we had the potential to see a momentum slowdown which needed to be monitored. Upside moves were still considered as countertrend at this point; if we traded below USD 2,416 then the technical would suggest caution on upside moves. If we traded below USD 2,416, then key fractal resistance will be at USD 2,445, meaning the technical would be bullish above this level, providing a new low had been achieved. The futures have traded to a new low meaning we are now in divergence with the RSI. We remain below the EMA resistance band with the RSI below 50, intraday price and momentum are conflicting as the RSI is above its average.
- A close on the 4-hour candle below USD 2,415 with the RSI at or below 29 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 above USD 2,445 will mean the intraday technical is bullish; however, if we fail to trade above USD 2,534 it will warn that there is potentially a larger bearish cycle in play.
- Technically bearish, we maintain a potential downside target at USD 2,327. Due to the divergence in play, we are cautious on moves lower, as it warns that sell side momentum could slow down. The RSI being above its MA whilst in divergence also supports a momentum slowdown.

Nickel Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	16,155		
S2	R2			
S3	R3			

Synopsis - Intraday

Source Bloomberg

- Price is between the EMA resistance band (Black EMA's)
- RSI is at 50 (50)
- Stochastic is above 50
- Price is above the daily pivot point USD 15,961
- Technically unchanged yesterday, we remained bearish with upside moves considered as countertrend based on the RSI making a new low previously, making USD 16,308 the key resistance to follow. If broken, then the probability of the futures trading to a new low would start to decrease. As noted previously, if we closed below and held below the USD 15,840 fractal support, then the futures would be breaking out of the longer-term range to the downside. We traded to a low of USD 15,850 before finding light bid support into the close, we have continued to move higher in the Asian day session. The futures are now trading in the EMA resistance band with the RSI neutral at 50, intraday price and momentum are aligned to the buy side.
- A close on the 4-hour candle below USD 15,961 with the RSI at or below 39 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 16,308 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, the RSI is neutral at 50, but the MA on the RSI is now turning higher, warning that we are now seeing momentum support. The upside move continues to look like it could be countertrend, based on the recent low created by the RSI. If however, the futures trade above the USD 16,308 level it will warn that the probability of the futures trading to a new low will start to decrease, meaning we could see the bearish wave cycle fail.

Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,096	R1	2,108	Stochastic oversold	RSI below 50
S2	2,078	R2			
S3	2,049	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (43)
- Stochastic is below 50
- Price is above the daily pivot point USD 2,105
- Unchanged on the technical yesterday. We remained bearish with the MA on the RSI continuing to warn that momentum was weak, based on the RSI breaking support and trading to a new low, intraday upside moves look like they could be countertrend. As noted previously, a move below USD 2,096 would warn that the USD 2,049 fractal low would start to look vulnerable; however, if we held this level, it would support a near-term bull argument. The futures have breached the USD 2,096 support, weakening the technical condition; however, we have the intraday 4-hour 200-period MA at USD 2,095. A close below that holds below this average will further weaken the buyer's argument. We are below the EMA resistance band with the RSI is below 50, intraday price and momentum are aligned to the buyside due to the futures finding light bid support on the Asian open.
- A close on the 4-hour candle below USD 2,105 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 2,150 will leave the futures vulnerable to further tests to the downside, above this level the USD 2,179 fractal resistance will start to look vulnerable. Key longer-term resistance remains unchanged at USD 2,209.
- Technically bearish, the breach in support means that the probability of the futures trading to a new high has started to decrease, warning that the USD 2,078 – USD 2,049 support levels are vulnerable. If price and momentum become aligned to the sell side, then we should in theory trade below and close below the 200-period MA at USD 2,095.

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