

China

Economists downgraded China's growth forecasts on worse-than-expected August activity data.

Goldman Sachs downgraded its forecast to 4.7% from an earlier 4.9% expectation amid recent economic data and 'reflect a more backloaded fiscal impulse'

"We believe the risk that China will miss the 'around 5%' full-year GDP growth target is on the rise, and thus the urgency for more demand-side easing measures is also increasing."

Keeps 2025 outlook unchanged at 4.3%

Morgan Stanley cut its growth outlook for China this year to 4.6% from 4.8% as "worsening debt-deflation loop is likely to outweigh potential easing measures" in September-December

Sees 20 basis-point policy rate cut and possible mortgage repricing

Also cuts next year's GDP forecast to 4.2% from 4.5% previously

Citigroup Inc. lowered its forecast for China's full-year economic growth to 4.7% on worse-than-expected August activity data and concerning demand.

Slowing demand would increasingly feed into the supply side and erode production strength, Citi economists led by Yu Xiangrong wrote in a note Monday, downgrading their forecast to 4.7% from 4.8%

Citi now expects 3Q and 4Q growth to be 4.5% y/y and 4.4% respectively. Next year's outlook is downgraded to 4.2% from 4.5% (Bloomberg).

Cu

Copper and iron ore drifted lower following weak Chinese economic data over the weekend that darkened the growth outlook and demand prospects.

Industrial output in the biggest commodities buyer expanded at a slower rate than economists had forecast, extending a weakening streak to a fourth month — the longest stretch since September 2021. Measures of consumption and investment all slowed more than expected, while the jobless rate surprisingly rose to a six-month high.

Demand for both metals has been hampered by China's property crisis. While the recent draw-downs in onshore copper inventories had raised hopes that the worst of this year's downturn could be over, the disappointing weekend data fueled concerns over the nation's growth and consumption.

"China's August activity data sound a loud alarm about deepening weakness in the economy," according to Bloomberg Economics. "The weak data make it crystal clear that more policy support is needed. The key is to speed up fiscal spending and boost confidence." (Bloomberg)

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	9,259	R1	9,260.5	RSI above 50	Stochastic overbought
S2	9,160	R2			
S3	9,108	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- The RSI above 50 (56)
- Stochastic is overbought
- Price is above the daily pivot point USD 9,259
- Technically bearish with a neutral bias last week, the probability of the futures trading to a new low had started to decrease. The MA on the RSI indicated that momentum was supported; however, the new high on the open meant that the 1-hour RSI was in divergence, warning we were vulnerable to an intraday pullback, making USD 9,028 the key support to follow. The upside moves meant that the daily technical was back above the 200-period MA (USD 9,147), if an intraday pullback failed to close below this level (on the daily candle), it would warn that resistance levels were vulnerable.
- The futures had a small pullback before trading to a high of USD 9,327; however, we did see bids fade into the close. We remain above the EMA support band with the RSI above 50, intraday price and momentum are aligned to the buy side.
- A close on the 4-hour candle below USD 9,259 with the RSI at or below 54 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 9,038 will support a near-term bull argument, below this level the technical will be back in bearish territory.
- Unchanged on the technical today, we remain bearish with a neutral bias, the probability of the futures trading to a new low has started to decrease. The MA on the RSI indicates that momentum is supported; however, the new high on the open means that the 1-hour RSI remains in divergence, warning we are vulnerable to an intraday pullback, making USD 9,038 the key support to follow. The daily candle is above the 200-period MA (USD 9,151), an intraday pullback that fails to close below this level (on the daily candle) will warn that resistance levels are vulnerable.

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,458	R1	2,493	RSI above 50	Stochastic overbought
S2	2,431	R2			
S3	2,411	R3			

Source Bloomberg

Synopsis - Intraday

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (71)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,458
- Technically bearish on Friday, the MA on the RSI indicated that we had momentum support, whilst price was above the daily long-term average. This warned that resistance levels remained vulnerable; however, this was countered by a negative divergence on the 1-hour chart, meaning we could see an intraday pullback. We have key support between USD 2,380 (daily average) and USD 2,363, corrective moves lower that hold above this area would warn that the USD 2,476 level could be broken, if it was then the probability of the futures trading to new lows would start to decrease. If we broke the support zone, we would target the USD 2,326.5 fractal low. Due to the lower timeframe divergence, we are cautious on upside moves at that point.
- The futures moved higher, meaning the divergence failed, resulting in the USD 2,476 resistance being broken. We are above the EMA support band with the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 2,458 with the RSI at or below 58.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 2,384 will support a near-term bull argument, if broken, the technical will be back in bearish territory.
- Technically bearish with a neutral bias, the probability of the futures trading to a new low has started to decrease. The MA on the RSI is implying momentum is supported; however, the RSI has broken near-term resistance, implying intraday downside moves have a greater chance of being countertrend. The 4-hour RSI is now at resistance, warning we could be vulnerable to an intraday pullback in the near-term.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,839	R1	2,952	RSI above 50	Stochastic overbought
S2	2,807	R2	2,986		
S3	2,783	R3	3,031		

Source Bloomberg

Synopsis - Intraday

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (64)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,883
- Technically bullish on Friday, the MA on the RSI indicated that momentum was supported. The upside move on the back of the divergence was being replicated by the RSI, implying downside moves now looked like they could be countertrend. However, we did have a negative divergence with the RSI on the 1-hour chart, meaning we were seeing a momentum slowdown, warning we could be about to see a technical pullback in the near-term.
- The futures sold down to USD 2,823.5 before trading back to new highs. 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 2,883 with the RSI at or below 58.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 2,764 will warn that there is a higher timeframe Elliott wave cycle in play, if broken, then the probability of the futures trading to a new high will start to decrease.
- Technically bullish, the MA on the RSI is implying that momentum is supported. The futures are in divergence on the lower timeframe, warning that we could see a momentum slowdown, which will need to be monitored. We have a lower timeframe Elliott wave cycle that implies we have the potential to trade as high as USD 2,952 within this phase of the cycle. If we do trade below USD 2,823.5 it will mean that the intraday technical is bearish, making USD 2,764 the key support to follow from and Elliott wave perspective.

Nickel Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	16,040	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 (47)
- Stochastic is oversold
- Price is above the daily pivot point USD 15,990
- Technically bullish last week, the MA on the RSI implied that momentum was supported; however, the RSI was below the average, warning buyside momentum was slowing. Key support was at USD 15,870, a move below this level would warn that the probability of the futures trading to a new high had started to decrease, meaning there could potentially a larger bear cycle in play.
- The futures sold below the USD 15,870 level before finding light bid support. We are below the EMA resistance band with the RSI below 50, intraday price and momentum are aligned to the sell side, as the previous candle closed below the daily pivot level.
- A close on the 4-hour candle above USD 15,990 with the RSI at or above 49 will mean price and momentum are aligned to the buyside.
- Technically bullish, the MA on the RSI is flat, implying momentum is neutral. The move below USD 15,870 is warning that the probability of the futures trading to a new high has started to decrease, meaning that there could be a larger, bearish Elliott wave cycle in play. We have a neutral view as the downside cycle already looks like it may have complete, but the deep pullback warns this may not be the case.

Lead Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,048	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 (59)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,034
- Technically bearish with a neutral bias on the last report, the probability of the futures trading to a new low had started to decrease. The MA on the RSI implied that momentum was supported; however, like the rest of the base complex, we were moving lower due to a negative divergence on the 1-hour chart. We were now neutral, as there were some conflicts, the strength of the upside moves was countered by the divergence, meaning focus should be on the USD 1,980 support.
- The futures sold to a low of USD 2,012 before trading to a new high. 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 2,034 with the RSI at or below 54.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 1,981 will warn that there is a higher timeframe bullish Elliott wave cycle in play, if broken the USD 1,946 support will start to look vulnerable.
- Technically bearish with a neutral bias, the probability of the futures trading to a new low had started to decrease. We have a lower timeframe Elliott wave cycle in play that is in divergence, warning the futures are vulnerable to a move lower, making USD 2,064 the key resistance to follow. A rejection of this level will warn that there could be a larger, bearish Elliot wave cycle in play. We are cautious on upside moves at these levels.

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