

China

China's top leaders have pledged to implement more fiscal spending and "forceful" interest rate cuts in a bid to achieve the country's growth target this year, adding fresh thrust to this week's rally in financial markets.

President Xi Jinping used the monthly gathering of China's 24-person Politburo on Thursday to call for the government to provide sufficient fiscal spending to support the stimulus package announced by China's central bank this week, the official Xinhua News Agency reported.

Authorities said the government needs to stabilise the property market, including limiting the supply of new commercial housing construction.

Earlier, Commonwealth Bank told clients it was expecting more stimulus measures as soon as this week, supporting the surge in commodity prices and equities exposed to the world's second-largest economy.

The lender said the announcement of China's largest support package since the pandemic already sent a "powerful message" to markets that the government is determined to defend its 5 per cent growth target this year.

In a rare joint press conference on Tuesday, China's central bank announced a raft of measures including rate cuts, easing mortgage requirements, and fresh funding to invest in the sharemarket to shore up the economy. On Thursday, Bloomberg reported China is considering injecting up to 1 trillion yuan (\$208.2 billion) of capital into its biggest state banks.

The policy blitz sent commodity prices on a tear and triggered a mass rotation of money in the Australian sharemarket as investors sold down the big four banks and bought up the beaten-up mining stocks.

But brokers and economists had warned the central bank measures alone would not be enough to turn around China's ailing property sector and meet its GDP target. CBA said the stimulus needed to be followed up with significant fiscal support from the government.

"We continue to expect the government will deliver more fiscal stimulus soon," said CBA economist Carol Kong. "The sense of urgency signalled at the joint press conference this week suggests a fiscal package may be in the works."

China's top decision-making body, the Politburo, usually discusses the economy at its April, July and December sessions. The last time such a meeting fell outside those months was when the pandemic broke out in March 2020.

Indeed, for the past four years, the September meeting has focused on party discipline or internal work.

Sustaining the rally

Earlier this week, former deputy director of the State Council's Development Research Centre, Liu Shijin, recommended a budget package of at least 10 trillion yuan (\$2.08 trillion) that was focused on affordable housing, education, healthcare, social security, elderly care and infrastructure.

A package of that size delivered over two years would add around 4 per cent to China's nominal GDP growth per annum, and would likely have its greatest impact on growth in 2025, according to CBA. (Bloomberg).

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	9,541	R1	9,815	RSI above 50	Stochastic overbought
S2	9,427	R2	9,938		
S3	9,271	R3	10,090		

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- The RSI above 50 (65)
- Stochastic is overbought
- Price is below the daily pivot point USD 9,815
- Technical bullish yesterday, the MA on the RSI indicated that momentum was supported. Our intraday Elliott wave analysis continued to suggest that downside moves looked like they would be countertrend, making USD 9,271 the key support to follow, if broken, then the probability of the futures trading to a new high would start to decrease. Near-term momentum indicators remained overbought; this was supported by a bearish rejection candle on the 4-hour candle, warning we were starting to look vulnerable to an intraday pullback.
- The futures sold to a low of USD 9,731 before finding bid support, we remain supported on the open but below the high of yesterday's rejection candle. We are above all key moving averages supported by the RSI above 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 9,815 with the RSI at or above 69.5 will mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 9,271 will support a near-term bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the pullback yesterday was not deep enough to be the corrective Elliott wave 4 that we were looking for. If we traded above the USD 9,913 fractal high, then it will mean we are seeing an extension of the existing trend. We remain cautious on upside moves at these levels as the futures will be divergent above USD 9,913; based on our Elliott wave analysis, downside moves should still be considered as countertrend.

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear	
S1	2,532	R1	2,547.5	RSI above 50	Stochastic overbought	
S2	2,518	R2				2,605
S3	2,498	R3				2,646

Source Bloomberg

Synopsis - Intraday

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (57)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,545
- Technically bullish yesterday, the new high confirmed that there was a larger bullish Elliott wave cycle in play. However, we noted that we were in divergence with the RSI, implying caution on upside moves. Downside moves that hold at or above USD 2,498 would warn that there could be further upside in this higher timeframe Elliott wave 5. A cautious bull, the futures are not considered a technical buy at these levels at that point.
- The futures sold to a low of USD 2,516 before finding light bid support on the Asian open. We are above all key moving averages supported by the RSI above 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle above USD 2,545 with the RSI at or above 60 will mean price and momentum are aligned to the buy side. Likewise, a close below this level with the RSI at or below 55.5 will mean it is aligned to the sell side. Downside moves that hold at or above USD 2,498 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the futures are holding above the USD 2,498 support, below this level the probability of the futures trading to a new high will start to decrease. As noted yesterday, if we hold above the key support, then the USD 2,580 fractal high will remain vulnerable. We maintain a cautious view on upside breakouts as the futures will create a second negative divergence on a new high. Our intraday wave analysis does suggest that we have the potential to trade as high as USD 2,605 within this phase of the cycle. A cautious bull.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	3,002	R1	3,020	RSI above 50	Stochastic overbought
S2	2,961	R2			
S3	2,936	R3			

Source Bloomberg

Synopsis - Intraday

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (63)
- Stochastic is overbought
- Price is above the daily pivot point USD 3,002
- Technically bullish yesterday, the upside move previously meant that we were seeing an Elliott wave extension to the upside, implying downside moves now look like they could be countertrend. The RSI was at resistance, resulting in the futures selling lower, warning support levels could come under pressure in the near-term. If we did trade below USD 2,903 then the probability of the futures trading to a new high will start to decrease.
- The futures traded to a low of USD 2,980 before finding bid support. We are above all key moving averages with the RSI above 50, intraday price and momentum are conflicting, as the previous candle closed below the daily pivot level.
- A close on the 4-hour candle above USD 3,002 with the RSI at or above 63.5 will mean price and momentum are aligned to the buy side. Likewise, a close below this level with the RSI at or below 59 will mean it is aligned to the sell side. Downside moves that hold at or above USD 2,903 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the MA on the RSI is implying that momentum is supported. Upside moves that trade above the USD 3,040 fractal high will create a negative divergence with the RSI, warning we could see a momentum slowdown, implying caution on upside breakouts at this point. However, our intraday Elliott wave cycle is suggesting that downside moves look like they could be countertrend, making USD 2,903 the key support to follow. Below this level will mean that the probability of the futures trading to a new high will start to decrease.

Nickel Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	16,805	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 (64)
- Stochastic is overbought
- Price is above the daily pivot point USD 16,706
- Technically bullish with a neutral bias yesterday, the probability of the futures trading to a new low had started to decrease, making USD 16,061 the key support to follow. If broken, then the futures will be back in bearish territory. Technically we were neutral due to the lack of clarity, if we closed on the daily candle below USD 16,520, it would warn that sell side pressure was increasing.
- The futures sold to a low of USD 15,525 before finding bid support. We are above all key moving averages with the RSI above 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle above USD 16,706 with the RSI at or above 67 will mean price and momentum are aligned to the buy side; likewise, a close below this level will mean it is aligned to the sell side. Downside moves that hold at or above USD 16,061 will warn that there is a larger, bullish Elliott wave cycle in play.
- Technically bullish, the MA on the RSI is implying momentum is supported; however, the RSI is below its average. Upside moves above USD 16,830 will create a negative divergence with the RSI. Not a sell signal it is a warning that we could see a momentum slowdown, implying caution on upside breakouts. The futures are not considered a technical buy at these levels.

Lead Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,120	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 (62)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,087
- Technically bullish yesterday, the futures were approaching the EMA support band, warning sell side momentum could slow in the near-term. If it did, it would warn that we could see another move higher; however, we were cautious on upside moves, as above USD 2,094.5 the futures will be in divergence with the RSI. Not a sell signal, it would warn that momentum could slow down.
- The futures sold USD 5.00 lower, held the EMA support band and traded 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 2,087 with the RSI at or below 56 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 2,064 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the MA on the RSI is indicating that momentum is supported. However, the futures are now in divergence with the RSI; not a sell signal, it is a warning that we could see a momentum slowdown. Due to the divergence in play, the futures are not considered a technical buy at this point.

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