



# Base Morning Technical Report

info@freightinvestor.com | freightinvestorservices.com | (+44) 207 090 1120

## China

Investors and analysts are expecting China to deploy as much as 2 trillion yuan (\$283 billion) in fresh fiscal stimulus as Beijing seeks to shore up the world's No. 2 economy and boost confidence.

That's what they hope the country's finance minister will announce at a highly anticipated briefing on Saturday, according to a majority of 23 market participants surveyed by Bloomberg. Most of the respondents expect the funding to come in the form of government bonds.

Beyond the amount of any fiscal package, the target of support will indicate where the government looks to steer its economy after years of debt-fueled expansion through investment, particularly in real estate and infrastructure.

"The stimulus should be multi-year and targeted to households and not restarting the real estate investment-led growth story," said Pushan Dutt, professor of economics at INSEAD. "It is the focus of the stimulus rather than the size that is important."

The weekend press conference, which the government said would introduce measures to strengthen fiscal policy, comes as investors assess how far the authorities plan to go with stimulus efforts that prompted a world-beating stock rally. Officials are also planning a briefing Monday on boosting support for enterprises.

China has already cut interest rates and ramped up support for property and stock markets in a barrage of steps announced late September. But investors have clamored for fiscal interventions economists believe are crucial to lifting confidence.

Onshore Chinese shares remained volatile throughout the week after ending a 10-day rally on Wednesday, as officials disappointed by announcing no major new stimulus following a weeklong holiday. The benchmark CSI 300 Index dropped more than 1% in early trading on Friday (Bloomberg).

# Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear	
S1	9,693	R1	9,764.5		RSI below 50	
S2	9,549	R2				9,945
S3	9,354	R3				10,090

## Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- The RSI below 50 (47)
- Stochastic is below 50
- Price is above the daily pivot point USD 9,707
- We remained bullish but in a corrective phase yesterday with price holding above lower channel support. The MA on the RSI implied that momentum remained weak; however, the RSI was crossing above its average, suggesting momentum could potentially be transitioning to the buyside; We noted that although above the average, the RSI was yet to produce a close above it. A close above the upper channel resistance (USD 9,884) would imply that buyside pressure (based on price) was increasing, warning that the USD 9,945 and USD 10,158 resistance levels could be tested and broken. As noted previously, if we do trade below USD 9,354, then the probability of the futures trading to a new high would start to decrease.
- The futures have seen a small move higher but remain below the EMA support band with the RSI below 50, Intraday price and momentum are now aligned to the buy side.
- A close on the 4-hour candle below USD 9,707 with the RSI at or below 41 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 9,354 will support a bull argument, below this level the technical will have a neutral bias.
- Unchanged on the technical today. Technically bullish, the futures are finding light bid support in a corrective phase. A close above the upper channel resistance (USD 9,832) will imply that buyside pressure (based on price) is increasing, warning that the USD 9,945 and USD 10,158 resistance levels could be tested and broken. As noted previously, if we do trade below USD 9,354, then the probability of the futures trading to a new high will start to decrease.

# Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,575	R1	2,616	RSI above 50	Stochastic overbought
S2	2,536	R2			
S3	2,502	R3			

Source Bloomberg

## Synopsis - Intraday

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (53)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,575
- Technically bearish yesterday, the MA on the RSI implied that momentum was weak; however, the RSI was in the process of trying to close above the average, if we did it would warn that momentum was in the process of potential moving to the buyside. Likewise, a rejection of the MA would warn that support levels remained vulnerable. Lower time frame Elliott wave analysis on the correction implied that upside moves had the potential to be countertrend, making USD 2,629 the key resistance to follow. If we did trade above this level, then the probability the futures trading to a new low would start to decrease. We noted that the obvious note of caution on this correction would be the Chinese policy meeting this weekend, as it could change the psychological footprint of the market.
- The futures have traded to a high of USD 2,628.5, 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 2,575 with the RSI at or below 41 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 2,629 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 is implying that we have light momentum support. The futures are now at an inflection point, technically, this upside move looks like it should be countertrend, warning the futures are vulnerable to a move lower. However, this observation is based on the psychological footprint of the market (Elliott wave), which could change with the Policy meeting in China tomorrow. If we do trade above the USD 2,692 level, then the probability of the futures trading to a new low will start to decrease.

# Zinc Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	3,101	RSI above 50	Stochastic overbought
S2	R2			
S3	R3			

Source Bloomberg

## Synopsis - Intraday

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (51)
- Stochastic is overbought
- Price is above the pivot point USD 3,067
- Technically bullish but in a corrective wave yesterday, the MA on the RSI implied that momentum remained weak. Our lower timeframe Elliott wave analysis suggested that the USD 2,977.5 fractal low remained vulnerable; however, below this level price would be divergent with the RSI, meaning we were cautious on downside breakouts below this level.
- The futures have moved higher with price trading up to but not above our key resistance at USD 3,130. We are above all key moving averages with the RSI near neutral at 51, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 3,067 with the RSI at or above 42.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 2,961 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 we have light momentum support. However, the futures are in the process of rejecting the USD 3,130 resistance, warning we could see an intraday move lower in the near-term. If we do trade above USD 3,130, then the probability of the futures trading to a new low will start to decrease, warning we could be in the early stages of a bullish impulse wave 5. As noted previously, our intraday Elliott wave analysis is suggesting that downside moves look like they could be countertrend.

# Nickel Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	17,545		RSI below 50
S2	R2			
S3	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is between the EMA support band (Black EMA's)
- RSI is below 50 (49)
- Stochastic is below 50
- Price is above the daily pivot point USD 17,476
- Technically bullish but in a corrective phase yesterday, the MA on the RSI continued to warn that momentum was weak. However, lower timeframe Elliott wave analysis (on the correction), was now divergent, meaning we were a cautious bear at these levels, as downside moves could struggle to hold.
- The futures traded to a low of USD 17,305 before finding light bid support. We are between the EMA support band with the RSI near-neutral at 49, intraday price and momentum are conflicting.
- A close on the 4-hour candle above USD 17,476 with the RSI at or above 51.5 will mean price and momentum are aligned to the buy side. Likewise, a close below this level with the RSI at or below 47 will mean it is aligned to the sell side. Downside moves that hold at or above USD 16,669 will support a bull argument, below this level the technical will have a neutral bias.
- We remain bullish but in a corrective phase, the MA on the RSI is flat, implying sell side momentum is slowing. The futures are moving higher on the lower timeframe divergence, meaning we remain cautious on downside moves at this point. However, upside moves that fail at or below the USD 17,958 level will warn that the corrective phase could be coming more complex, above this level the probability of the futures trading below USD 17,305 will decrease, implying we are probably in an unconfirmed Elliott wave 5 (confirmation only officially comes after a new high).

# Lead Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,074		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 (43)
- Stochastic is below 50
- Price is above the daily point USD 2,065
- Technically bearish, the MA on the RSI is indicating momentum is weak; however, we noted that the RSI would be divergent on downside breakouts below USD 2,047.5, suggesting caution below this level. Our higher timeframe Elliott wave analysis continued to suggest that upside moves look like they could be countertrend, making USD 2,126 the key resistance to follow. A move above this level would warn that the probability of the futures trading to a new low had started to decrease.
- The futures sold to a low of USD 2,045.5, triggering the divergence, resulting in price moving higher. We are below the EMA resistance band supported by the RSI below 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 2,065 with the RSI at or below 38 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.
- Technically bearish, our Elliott wave analysis is suggesting that the current upside moves looks like it could be countertrend, making USD 2,125 the key resistance to follow. If broken, it will warn that there is a larger, bullish, Elliott wave cycle in play.

The information provided in this communication is not intended for retail clients. It is general in nature only and does not constitute advice or an offer to sell, or the solicitation of an offer to purchase any swap or other financial instruments, nor constitute any recommendation on our part. The information has been prepared without considering your investment objectives, financial situation, or knowledge and experience. This material is not a research report and is not intended as such. FIS is not responsible for any trading decisions taken based on this communication. Trading swaps and over-the-counter derivatives, exchange-traded derivatives, and options involve substantial risk and are not suitable for all investors. You are advised to perform an independent investigation to determine whether a transaction is suitable for you. No part of this material may be copied or duplicated in any form by any means or redistributed without our prior written consent. Freight Investor Services Ltd (FIS) is authorised and regulated by the Financial Conduct Authority (FRN: 211452) and is a member of the National Futures Association ("NFA"). Freight Investor Services PTE Ltd ('FIS PTE') is a private limited company, incorporated and registered in Singapore with company number 200603922G, and has subsidiary offices in India and Shanghai. Freight Investor Solutions DMCC ('FIS DMCC') is a private limited company, incorporated and registered in Dubai with company number DMCC1225. Further information about FIS including the location of its offices can be found on our website at [freightinvestorservices.com](http://freightinvestorservices.com)