

China

China should issue 2 trillion yuan (\$281 billion) of special government bonds to help create a market stabilization fund, according to a top government-linked think tank.

The fund would promote market stability through the buying and selling of blue-chip stocks and exchange-traded funds, Chinese media outlet the Paper reported, citing a release from the Institute of Finance & Banking at the Chinese Academy of Social Sciences. That think tank is affiliated with the State Council, China's cabinet.

Read More: [China Mulls Stock Stability Fund, Unlocks \\$113 Billion From PBOC](#)

Chinese authorities have been considering such a fund as part of a stimulus blitz that kicked off in late September to boost equities and the economy. But there have been few details released on the initiative.

The People's Bank of China separately has launched other programs — a specialized re-lending facility to help listed companies and major shareholders buy back shares, as well as a swap facility that allows institutional investors to access liquidity from the PBOC to purchase stocks.

Read More: [PBOC Starts Share Buyback, Equity Swap Tools to Aid Markets](#)

Chinese equities have lost some steam recently, after staging a historic rally driven by the stimulus measures. The CSI 300 Index is down 7% from this month's high, trimming its rebound from a September low to about 25%. The focus now is on a huddle of top lawmakers in the coming weeks that's expected to rubber stamp trillions of dollars in government spending.

The International Monetary Fund on Tuesday cut its China growth forecast for this year to 4.8% from 5% previously, citing weakness in the real estate sector and low consumer confidence, while maintaining the 2025 forecast at 4.5%.

IMF Chief Economist Pierre-Olivier Gourinchas said that while China's recent measures go in the right direction, those announced by the PBOC last month don't do enough to lift growth in a material way, and more recent measures from the Ministry of Finance aren't yet incorporated into the agency's forecast.

Separately, Evercore ISI estimated China could unleash as much as 11 trillion yuan in fiscal stimulus, should Republican nominee Donald Trump win the US presidential election next month.

"Beijing is likely to roll out a plan for 1-2 trillion yuan of ultra-long special sovereign bonds to mitigate any possible sentiment shock in the market from a second Trump presidency," said Neo Wang, the organization's New York-based managing director for China research.

Beijing may also sell 1 trillion yuan of special sovereign bonds to help banks with capital replenishment and allow local governments to raise their debt ceiling by 6-8 trillion yuan under a three-year swap plan, according to Wang.

Meanwhile, the state-linked think tank called for authorities to publicly reveal the inflation indicators and targets that China's central bank focuses on. It also pressed for credible PBOC policy operations to guide the market's long-term inflation expectations, so that they're anchored at a reasonable level, according to the report.

That call mirrors the approach of many developed-nation central banks, which emphasize the importance of anchoring long-term expectations for consumer prices. That can help avert both a deflationary mindset from setting in when prices fall, or an inflationary spiral when the cost of living is surging.

If monetary policy targets inflation at 2% and policymakers pledged to keep easing until the target is reached, that would the central bank play a role in boosting market confidence and effectively promoting economic recovery, the report said. (Bloomberg).

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	9,435	R1	9,607	Stochastic oversold	RSI below 50
S2	9,354	R2	9,777		
S3	9,201	R3	9,887		

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- The RSI below 50 (46)
- Stochastic is oversold
- Price is below the daily pivot point USD 9,607
- Technically bullish yesterday, the MA on the RSI continued to suggest that momentum was supported. The futures were holding above the 200-period MA, warning that there was an underlying support in the market, implying resistance levels were vulnerable. Based on our Elliott wave analysis, we noted downside moves should in theory be countertrend; however, we had a bearish rejection candle on the daily chart, meaning the futures would need to trade above and close above the USD 9,758 level on the higher timeframe for upside continuation, as the rejection candle warned of market sellers at higher levels.
- The futures traded to a high of USD 9,659; however, a bearish rejection candle of the 60-period EMA (USD 9,655, the high of the EMA resistance band) resulted in the futures giving back the early morning gains, meaning intraday price and momentum did not become aligned to the buy side. The RSI is below 50 with intraday price and momentum aligned to the sell side.
- A close on the 4-hour candle above USD 9,607 with the RSI at or above 50.5 will mean price and momentum are aligned to the buy 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. Likewise, upside moves that fail at or below 9,887 will warn that there could be a larger bearish Elliott wave cycle in play.
- Technically bullish, The MA on the RSI is now flat, implying momentum is turning neutral. In theory, based on our Elliott wave analysis, downside moves should be countertrend, making USD 9,354 the key support to follow. If broken, then the probability of the futures trading to a new high will start to decrease. Price is holding above the 200-period MA (USD 9,535), implying we have an underlying support in the market; if we close below and hold below the longer-term average, it will warn that support levels could come under pressure. Due to the bearish rejection candle on the 21/10, the futures are going to need to close above the USD 9,758 fractal high on the daily timeframe for upside continuation.

Aluminium Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,652.5	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 (58)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,624
- Technically bearish with a neutral bias yesterday, the symmetrical break to the upside did previously breach key resistance at USD 2,629, whilst the corrective move was holding above the USD 2,577 support, the technical warned that resistance levels remained vulnerable. However, the Elliott wave cycle looked to have already completed; we noted that unless we had a larger, bullish wave cycle in play, or a wave extension, we should in theory be cautious on upside moves. This technical was neutral as it conflicted with the Elliott wave cycle, if we did trade below USD 2,577, then support levels would be vulnerable.
- The futures have followed the technical rather than the psychological footprint of the market (Elliott wave), resulting in price moving higher on the symmetrical breakout and momentum support. We are above all key moving averages supported by the RSI above 50, intraday price and momentum are aligned to the buy side.
- A close on the 4-hour candle below USD 2,624 with the RSI at or below 53 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 2,577 will support a near-term bull argument, below this level the technical will be back in bearish territory.
- We remain bearish with a neutral bias; the MA on the RSI is indicating that momentum is supported at this point. However, the futures are approaching the USD 2,656.5 fractal resistance, a move above this level will create a negative divergence with the RSI on the 1-hour chart. Not a sell signal, it is a warning that we have the potential to see a momentum slowdown on an upside breakout, which will need to be monitored. We have a note of caution on upside moves from here today.

Zinc Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	3,157	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 (59)
- Stochastic is overbought
- Price is above the daily pivot point USD 3,115
- Technically bullish yesterday, the MA on the RSI implied that momentum was supported; however, the RSI needed to close back above the average. Price was holding above the EMA support band, but the band was flat, implying we lacked directional bias. A bearish rejection candle on the daily chart previously warned we had selling pressure at higher levels, meaning we need to close above the USD 3,145 level on the higher timeframe for upside continuation. If we did sell lower, the futures would need to close below the resistance line that formed between the 11 – 17/10/24 (USD 3,025) to signal downside continuation.
- The futures traded higher with price above the USD 3,145 level; however, we are yet to close above this 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 3,115 with the RSI at or below 52 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 momentum is supported, whilst our Elliott wave analysis suggests that downside moves should be considered as countertrend. We are trading above the high of the rejection candle from the 21/10, indicating we have buyside pressure in the market; however, the 1-hour RSI is now in divergence with price, warning we are vulnerable to an intraday slowdown, which will need to be monitored. We should note that the divergence is marginal, if it fails, it will leave resistance levels vulnerable.

Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	16,356	R1	16,380	Stochastic oversold	RSI below 50
S2	15,980	R2			
S3	15,835	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (33)
- Stochastic is oversold
- Price is below the daily pivot point USD 16,495
- Technically bullish with a neutral bias yesterday, the MA on the RSI implied that momentum was weak; however, the RSI was starting to flatten, warning sell side momentum could be slowing. The move lower previously looked to have created a lower timeframe Elliott wave extension, warning intraday upside moves could be countertrend. Faster moving momentum indicators were oversold, leaving the technical vulnerable to an intraday move higher in the near-term.
- The futures sold to a low of USD 16,300 before finding buy-side support into the close; however, we did close lower on the day. Price is below all key moving averages with the RSI below 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 16,495 with the RSI at or above 38.5 will mean price and momentum are aligned to the buy-side. Upside moves that fail at or below USD 17,613 will warn that there is a larger, bearish wave cycle in play.
- We remain bullish with a neutral bias, the probability of the futures trading to a new high has started to decrease. The MA on the RSI is indicating that momentum is neutral whilst the 1-hour RSI is in divergence with price, not a buy signal, it is a warning we could see a momentum slowdown. As noted yesterday, it looks like we may have seen an Elliott wave extension within the corrective phase, warning intraday upside moves could be countertrend. Due to the divergence, we are cautious on downside moves at these levels today.

Lead Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,076.5		RSI below 50
S2	R2			
S3	R3			

Synopsis - Intraday

Source Bloomberg

- Price is between the EMA resistance band (Black EMA's)
- RSI is below 50 (49)
- Stochastic is above 50
- Price is above the daily point USD 2,071
- Bullish based on price yesterday, the futures remained in a corrective phase having looked to have completed a bullish Elliott wave cycle, suggesting support levels remained vulnerable. However, we were holding above key support having failed to trade above key resistance, meaning price action and our technical view remained neutral.
- The futures remain supported with price between the EMA resistance band. The RSI is near-neutral at 49 with intraday price and momentum aligned to the buyside.
- A close on the 4-hour candle below USD 2,071 with the RSI at or below 45.5 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 2,122 will leave the futures vulnerable to further tests to the downside, warning that the corrective phase has the potential to become more complex. Likewise, downside moves that hold at or above USD 2,021 will warn that there is potentially a larger bullish Elliott wave cycle in play.
- Unchanged again today, the MA on the RSI is flat implying momentum is neutral with price trading between a flat EMA resistance band, indicating we lack directional bias. In theory, the upside Elliott wave cycle has completed; however, we should note that the longer we consolidate above key support, the greater chance that of seeing the Elliott wave cycle extend to the buyside. At this point, the technical is neutral.

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