

Cu

China's economy showed signs of stabilizing after Beijing unleashed the boldest stimulus measures since the pandemic, although an upcoming US election injects uncertainty into the recovery.

Factory activity unexpectedly expanded in October after five months of contraction, the National Bureau of Statistics said Thursday. The official manufacturing purchasing managers' index rose to 50.1, higher than a forecast of 49.9 by economists. The non-manufacturing PMI showed activity in construction and services expanded after staying little changed the previous month.

"It's positive that the PMI beat and there were some signs of a turnaround, but at the end of the day we're still in the shadow of the US elections which remain a key wild card for the China growth outlook," said Eddie Cheung, senior emerging markets strategist at Credit Agricole CIB.

Chinese stocks swung between gains and losses on Thursday morning, with the benchmark CSI 300 Index rising as much as 0.9% after losing 0.8% earlier. The offshore yuan was little changed and China's 10-year government bond yields kept steady at 2.16%.

The PMI surveys provided the first official economic indicators for the month after China made forceful cuts to interest rates and unveiled measures to bolster the housing market in late September. The uptick in activity defied the drag from fewer working days in October as a result of a weeklong public holiday.

The readings are "a good start" for the fourth quarter, said Raymond Yeung, chief economist for Greater China at Australia & New Zealand Banking Group Ltd. "We expect the PMI to stay expansionary in the next two months."

Economists now project that China can achieve its official growth target of around 5% for this year. Based on the latest Bloomberg survey, they estimate the economy will expand 4.8%.

Credit Agricole's Xiaojia Zhi says China's October PMI is "encouraging" and suggests recent stimulus efforts by Beijing are filtering through in an interview with Bloomberg Television.

The road ahead is less certain, especially with the US presidential election next week that could return Donald Trump to the White House in January. The former president has threatened to impose 60% tariffs on Chinese products, a move that would decimate China's exports to its largest single-country trade partner and hurt a bright spot in the Chinese economy.

Chinese exports have powered the economy this year with shipments through September soaring to the second-highest value on record, although the pace of growth has slowed. Data released Thursday showed new export orders for manufacturing companies remained weak and continued to contract this month, even as overall new orders stabilized.

What Bloomberg Economics Says...

This is an encouraging PMI report. But the economy still needs more policy support to get growth up to the 5% target. We expect policymakers to continue to deliver the stimulus they've unveiled since late September, with a focus on ensuring the measures are implemented and get traction. (Bloomberg)

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	9,481	R1	9,545		RSI below 50
S2	9,435.5	R2	9,667		
S3	9,354	R3	9,758		

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- The RSI below 50 (48)
- Stochastic is below 50
- Price is below the daily pivot point USD 9,545
- Unchanged again yesterday, we remained bullish but in a corrective phase with price continuing to trade within the symmetrical triangle, meaning price action was neutral. The upside fake-out previously did warn that the USD 9,481 trend support could come under pressure; however, near-term directional bias would come from a close outside that held outside the symmetrical triangle (USD 9,481 – USD 9,543). Intraday Elliott wave analysis indicates that downside moves should in theory be countertrend, whilst key support was at USD 9,354.
- The futures tested but held the USD 9,481 trend support, resulting in price closing above the upper resistance line. We remain below the EMA resistance band with the RSI below 50, intraday price and momentum are aligned to the buy side, as the previous candle closed above the daily pivot level.
- A close on the 4-hour candle below USD 9,545 with the RSI at or below 46 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. Conversely, 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 term, closed above the resistance line is not accurate. We remain in consolidation with price drifting through the end of symmetrical triangle, I would regard this as more of a pattern failure. Tomorrow, if we are still consolidating, for some variation I think we will probably draw a rectangle! Bullish, but consolidating, meaning we are neutral. If we see the intraday 4-hour close above USD 9,667, it will warn that the USD 9,758 fractal resistance could come under pressure.

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,601	R1	2,618.5	Stochastic oversold	RSI below 50
S2	2,579	R2			
S3	2,543	R3			

Source Bloomberg

Synopsis - Intraday

- Price is below the EMA support band (Black EMA's)
- RSI is above 50 (54)
- Stochastic is above 50
- Price is below the daily pivot point USD 2,635
- Technically bullish yesterday, the MA on the RSI implied that we had light momentum support. As noted previously, the upside move was against our Elliott wave expectations, whilst price had broken key support and resistance levels. From a technical perspective, we had a neutral view; however, we did have a note of caution on upside breakouts above USD 2,715, as the futures on the daily timeframe were in divergence with the RSI, suggesting an upside breakout could struggle to hold.
- The futures have sold lower, we are below the EMA support band with the RSI below 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 2,635 with the RSI at or above 53.5 will mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 2,601 will support a bull argument, below this level the technical will have a neutral bias.
- As highlighted previously, we maintain a neutral view on the futures as the upside move had been against our Elliott wave, whilst I cannot see the wave extension using the methodology that I use. However, we maintain a cautious on upside moves as the daily technical is in divergence, suggesting upside breakouts could struggle to hold.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	3,099	R1	3,159	Stochastic oversold	
S2	3,043	R2	3,199		
S3	2,977	R3	3,230		

Source Bloomberg

Synopsis - Intraday

- Price is above the EMA support band (Black EMA's)
- RSI is at 50 (50)
- Stochastic is oversold
- Price is above the daily pivot point USD 3,099
- Unchanged on the technical yesterday, we remained bullish with a neutral bias, the MA on the RSI implied that we had light momentum support. However, we remained cautious on upside moves due to the depth of the pullback alongside the bearish rejection candle on the daily timeframe. The technical suggests that upside moves could struggle to hold.
- The futures sold to a low of USD 3,074 yesterday; however, bid support in the Asian day session means that we are trading back at the previous mornings level. We are above the EMA support band, with the RSI neutral at 50, intraday price and momentum continue to conflict.
- A close on the 4-hour candle above USD 3,099 with the RSI at or above 52.5 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. Upside moves that fail at or below 3,199 will leave the futures vulnerable to further tests to the downside, above this level the technical will be back in bullish territory.
- Technically bullish but with a neutral bias due to the depth of the pullback. the MA on the RSI flat whilst the RSI is at 50, both suggest that momentum is neutral. As noted previously, we remain cautious on upside moves at this point due to the pullback and daily rejection candle.

Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear	
S1	15,714	R1	15,855	Stochastic oversold	RSI below 50	
S2	15,502	R2				15,898
S3	15,209	R3				16,624

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (36)
- Stochastic is oversold
- Price is below the daily pivot point USD 15,898
- Technically bearish yesterday, we noted that we were consolidating due to the RSI support, meaning we maintained a cautious view on downside moves. However, our intraday Elliott wave analysis continued to suggest that upside moves looked like they could be countertrend, making USD 17,241 the key resistance to follow.
- The futures have seen a very small move lower; however, the RSI is holding support and moving higher. Price is below the EMA resistance band with the RSI below 50, intraday price and momentum continue to conflict.
- A close on the 4-hour candle below USD 15,898 with the RSI at or below 32 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 that fail at or below 17,220 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, the futures are in divergence with the RSI, whilst the RSI is above its MA, meaning we remain cautious on downside moves at this point. Elliott wave analysis is indicating that upside moves look like they could be countertrend, making USD 17,220 the key resistance to follow. From a technical perspective, the futures are not considered as sell at these levels, as momentum warns that we could move higher.

Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,007	R1	2,000.5		RSI below 50
S2	1,993	R2			
S3	1,979	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (35)
- Stochastic is below 50
- Price is below the daily point USD 2,012
- Technically bullish with a neutral bias yesterday, the probability of the futures trading to a new high had started to decrease. As noted previously, due to the RSI breaking support on the downside move, we had a note of caution on upside moves in the near-term, as the technical warned that they could struggle to hold.
- The futures have sold lower but remain above the USD 1,996 fractal support. We are below all key moving averages supported by the RSI below 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 2,012 with the RSI at or above 39.5 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 2,071 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Bullish with a neutral bias, the MA on the RSI is flat, implying momentum is neutral. We maintain our view that upside moves look like they could be countertrend. However, we have a note of caution on downside breakouts below USD 1,996, as this will create a positive divergence with the RSI. Not a buy signal, it is a warning we could see a momentum slowdown, which will need to be monitored.

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