

China

(Bloomberg) -- China boosted its cash injection into the banking system via a recently launched policy tool this month, in a move to ensure sufficient liquidity amid a surge in local government bond sales.

The People's Bank of China conducted 800 billion yuan (\$111 billion) of outright reverse repurchase agreements in November, it said in a statement Friday. The contracts are for three months and are aimed at safeguarding reasonably ample liquidity in the banking system, according to the statement. That exceeded the 500 billion yuan injected last month.

In a separate statement, the central bank said it bought a net 200 billion yuan of sovereign bonds from dealers in November. The aim was also ensuring plentiful cash supply, the PBOC said.

The injection would help ease funding pressure in the market, after China kicked off a \$1.4 trillion program to help local governments cope with their off-balance-sheet debt by allowing them to sell more bonds. That means banks, the main investors in these securities, would need more cash to absorb the higher debt supply and at the same time keep lending to consumers and businesses.

China's economy improved thanks to a stimulus blitz unleashed at the end of September, with consumption boosted by government subsidies. While the country is expected to achieve this year's growth target of around 5%, it's still contending with thorny longer-term problems including entrenched deflation and a potential trade war with the US.

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	9,002	R1	9,075	9,047	RSI below 50
S2	8,972	R2	9,216		
S3	8,864	R3	9,324		

Synopsis - Intraday

Source Bloomberg

- Price is between the EMA resistance band (Black EMA's)
- The RSI at 50 (50)
- Stochastic is below 50
- Price is above the daily pivot point USD 9,002
- Unchanged yesterday. Price remained in the symmetrical triangle (trend support/resistance USD 8,976 – USD 9,073), we noted that a close outside that held outside of the pattern should give near-term directional bias. Elliott wave analysis suggested that upside moves should in theory be countertrend; however, the futures were trading on the weekly 200-period MA (USD 9,002), which was acting as a support in the market. The technical was bearish, price action was neutral.
- Sideways action yesterday, the futures have found bid support in the Asian day session; however, we remain within the symmetrical triangle pattern. Price is between the EMA resistance band with the RSI neutral at 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 9,002 with the RSI at or below 44 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 9,470 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Unchanged on the technical again today, the MA is implying that we have light momentum support, whilst price is holding above the 200-period weekly MA (USD 9,002). However, intraday Elliott wave analysis continues to suggest that upside moves should in theory be countertrend, whilst price action is neutral, as we remain within the symmetrical triangle pattern. Near-term directional bias should come from a break outside that holds outside of the symmetrical (USD 8,972 – USD 9,075).

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear	
S1	2,588	R1	2,612.5		RSI below 50	
S2	2,568	R2				2,639
S3	2,537	R3				2,654

Source Bloomberg

Synopsis - Intraday

- Price is between the EMA resistance band (Black EMA's)
- RSI is below 50 (49)
- Stochastic is above 50
- Price is above daily pivot point USD 2,588
- Unchanged yesterday. We remained technically bearish with a neutral bias; the MA on the RSI implied that we had light momentum weakness. The futures were selling lower with price approaching the USD 2,568 support; if broken, the Elliott wave cycle would be back in bearish territory. However, if we closed on the daily chart above USD 2,625, then market sellers should be cautious, as it would warn that momentum based on price on the daily timeframe was starting to strengthen. Failure to trade below USD 2,568 would warn that there is an underlying support in the market; if we held support, and price and momentum became aligned to the buyside, the probability of the futures closing above the USD 2,625 level would start to increase.
- The futures traded below the USD 2,568, meaning the technical is back in bearish territory; however, having broken support, we moved higher, creating a bullish rejection candle on the daily chart. We have opened with bid support this morning, price is between the EMA resistance band with the RSI near-neutral at 49, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 2,588 with the RSI at or above 44 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 2,639 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, the bullish rejection candle on the daily chart is warning that resistance levels are vulnerable in the near-term. If we trade below the low of the rejection candle (USD 2,563), then support levels should in theory come under pressure. A bearish technical, near-term price action currently looks supported.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	3,044	R1	3,081	RSI above 50	
S2	3,004	R2	3,162		
S3	2,973	R3	3,181		

Source Bloomberg

Synopsis - Intraday

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (51)
- Stochastic is oversold
- Price is below the daily pivot point USD 3,081
- Technically bullish but in a corrective phase yesterday. Lower timeframe Elliott wave analysis suggested that the move lower looked to be countertrend, making USD 3,004 the key support to follow. If broken, then the probability of the futures trading to a new high will start to decrease.
- The futures continued to sell lower but remain above key support. We are above the EMA support band with the RSI near-neutral at 51, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 3,081 with the RSI at or above 61.5 will mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 3,004 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish but in a corrective phase, the MA on the RSI is implying that momentum is weak. Intraday Elliott wave analysis is suggesting that downside moves look to be countertrend, making USD 3,004 the key support to follow. If broken, then the probability of the futures trading to a new high will start to decrease. We are trading around the 200-period MA (USD 3,051), meaning the futures are at an inflection point; we also note that we have a bearish engulfing candle on the daily chart. The higher timeframe candle pattern is warning that support levels could come under pressure. A mixed technical, support should hold, but there are reasons to be cautious.

Nickel Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	16,010	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 (51)
- Stochastic is oversold
- Price is below the daily pivot point USD 16,024
- Technically we were bearish yesterday based on the move below USD 15,874. However, as noted previously, the futures had moved higher on the back of a positive divergence with the RSI. The move lower previously had held above the weekly pivot level (USD 15,856) with price now above the daily pivot, implying buy-side support. We remained cautious on moves lower; if we closed below the weekly pivot, then the USD 15,460 fractal low would start to look vulnerable.
- The futures traded to a high of USD 16,125 before seeing a light pullback. We remain 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 16,024 with the RSI at or above 53.5 will mean price and momentum are aligned to the buy-side; likewise, a close below this level with the RSI at or below 49 will mean it is aligned to the sell side. Upside moves that fail at or below USD 16,268 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. We noted that resistance was back in play due to the breach in support.
- Unchanged on the technical today, we remain bearish whilst the MA on the RSI is flat, implying momentum is neutral. The futures remain above the weekly pivot level (USD 15,586), meaning we remain cautious on moves lower whilst above this level.

Lead Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bull
S1	2,054	2,078	RSI above 50	Stochastic overbought
S2	2,050			
S3	2,042			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (60)
- Stochastic is overbought
- Price is above the daily point USD 2,054
- Technically bullish yesterday, the MA on the RSI implied that we had light momentum support. Lower timeframe Elliott wave analysis warned that downside moves looked like they could be countertrend, making USD 2,026 the key support to follow. If broken, then the probability of the futures trading to a new high would start to decrease.
- The futures sold lower into the close yesterday; however, price has traded to new highs this morning. We are above all key moving averages supported by the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4- hour candle below USD 2,054 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 2,030 will support a near-term bull argument, below this level the technical will be back in bearish territory.
- Technically bullish, the upside move to a new high means that the 1-hour RSI is in divergence. Not a sell signal, it is a warning that we could see a momentum slowdown, which will need to be monitored. Due to the divergence in play, we now have a note of caution on moves higher at these levels.

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