FIS Base Morning Technical Report

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China

(Bloomberg) -- China's central bank indicated it's holding back from aggressively easing monetary policy with moves such as interest-rate cuts, even though the economy just recorded its worst month so far this year.
The People's Bank of China pledged to "thoroughly" enact its "moderately loose" monetary policy while highlighting targeted support to the economy. The remarks in a quarterly report published late Friday followed shortly after disappointing statistics offered evidence of weakening domestic demand.

Pan Gongsheng, governor of the People's Bank of China.

Together with a message painting an improved outlook for inflation, the PBOC is signaling it's likely to put off using broad easing tools like cuts to interest rates or the reserve requirement ratio for later this year when the economy risks a more significant slowdown, according to analysts at global banks including Citigroup Inc. The RRR determines the amount of cash lenders must set aside in reserves.
"Its emphasis on executing existing policies and targeted easing signaled limited appetite for broad-based monetary easing," Goldman Sachs Group Inc. economists including Chen Xinquan wrote in a report.
China's economy stumbled in July, as a campaign to curb overcapacity at home added to the sting of higher tariffs. Weaker stimulus for infrastructure and consumption was also a key culprit behind the slowdown, revealing the extent to which private demand remains frail.
But after posting a 5.3% year-on-year gain in gross domestic product in the first half of 2025, China can probably tolerate slower growth in the second half and still deliver on the official target of around 5%.

Al

(Bloomberg) -- China Hongqiao Group Ltd., one of the world's biggest aluminium producers, has offered a hopeful note on prospects for demand and prices, despite an array of uncertainties for the global economy.

"I am very optimistic about aluminium prices in the second half of the year, and also very optimistic about China's downstream demand," Christine Wong, head of corporate finance at Hongqiao, said at an earnings briefing in Hong Kong on Monday. The company just unveiled its most profitable first half ever.

While aluminium demand in China has been hurt by the country's long real estate crisis, growth industries like renewable energy and electric vehicles have helped soften the blow. The metal on the Shanghai Futures Exchange is up more than 5% from a year ago.

In written comments with the earlier earnings announcement, Hongqiao Chairman Zhang Bo cautioned about threats facing aluminium producers, from escalating trade barriers to policy uncertainties and geopolitical tensions. Domestic policies and stimulus should support China's economy, he said.

Hongqiao's first-half net income rose 35% year on year to 12.4 billion yuan ($1.73 billion) as revenues grew 10% to 81 billion yuan. No interim dividend was offered, and its shares in Hong Kong tumbled as much as 5.5% before trading 0.7% lower at 1:57 p.m. local time.

Wong said aluminium prices in China would likely range between 20,600 yuan a ton and 21,300 yuan a ton during the second half. Current SHFE prices are near the bottom end of that range.

Copper Morning Technical (4-hour)

Support		Resistance		Current Price	Bull	Bear
S1	9,718	R1	9,816	9,768		
S2	9,671	R2	9,831			
S3	9,634	R3	9,880			

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 on the daily pivot point USD 9,768
- Technically bearish on the last report (a week ago), the MA on the RSI had started to flatten, implying buyside pressure was weakening; however, the average was still acting as a support to the RSI at that point. Our Elliott wave analysis suggested that upside moves should be considered as countertrend, making USD 9,831 the key resistance to follow, above this level the probability of the futures trading to a new low will start to decrease. Price was approaching the base of the Fibonacci resistance zone (USD 9,721), this was also two standard deviations above the linear regression line. We were also trading in the EMA resistance band with the 200-period MA at USD 9,741. With the resistance above, the technical suggested caution on upside moves at those levels.
- The futures initially saw another small pullback; however, the MA on the RSI continued to act as a support, resulting in price trading above the USD 9,831 level before entering a corrective phase. Price is between the EMA resistance band with the RSI neutral at 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle above USD 9,768 with the RSI at or above 54 will mean price and momentum are aligned to the buyside; likewise, a close below this level will mean it is aligned to the sell side. Downside moves that hold at or above USD 9,718 will support a bull argument, below this level the technical will be back in bearish territory.
- Technically bearish with a neutral bias, the probability of the futures trading to a new low has started to decrease. The RSI is neutral whilst price is in the EMA resistance band whish is flat, implying a lack of directional bias. The MA on the RSI does indicate that momentum is weak; however, price is trading on the 200-period MA (US 9,767), meaning we are at an inflection point. This technical is currently neutral, a close that holds above the linear regression line (USD 9,816) will indicate that buyside pressure is increasing; conversely, below USD 9,718 the technical will be in bearish territory, warning the USD 9,571.5 fractal low could come under pressure.

Aluminium Morning Technical (4-hour)

Support		Resistance		Current Price	Bull	Bear
S1	2,576	R1	2,610	2,592	Stochastic oversold	RSI below 50
S2	2,564	R2	2,638			
S3	2,542	R3	2,664.5			

Source Bloomberg

Synopsis - Intraday

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (43)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,610
- Technically bearish with a neutral bias on the last report, the probability of the futures trading to a new low had started to decrease. The MA on the RSI implied that momentum was supported; however, we were finding resistance at the linear regression line (USD 2,643). A move above that held above this level would warn that the USD 2,664.5 fractal high could be tested and broken. We noted that the move had been higher than expected with volume support whilst pushing above the 200-period MA on the daily and intraday timeframes, suggesting there could be further upside within this move.
- The linear regression line held, resulting in a double to formation forming over the last week. Price is below the EMA support band with the RSI below, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 2,610 with the RSI at or above 52.5 will mean price and momentum are aligned to the buy side. Downside moves that hold at or above USD 2,576 will support a near-term bull argument, if broken, the technical will be back in bearish territory.
- We remain beraish with a neutral bias; however, the double top formation is supported by the MA on the RSI implying that momentum is weak. A move below the USD 2,582 will indicate that sell side pressure is increasing; if broken, the futures will still need to trade below the USD 2,576 Fibonacci support. If we do, then the technical will be back in bearish territory. We are seeing signs of weakness in the market with price below the intraday 200-period MA (USD 2,601); if we hold below this level, then it will further support a seller's argument. Conversely, if we close above the USD 2,582 level and close above the longer-term average, market sellers should act with caution. USD 2,576 is the key support to follow as it will confirm the double top (M-pattern) breakout.

Zinc Morning Technical (4-hour)

Support		Resistance		Current Price	Bull	Bear
S1	2,783	R1	2,810	2,793	Stochastic oversold	RSI below 50
S2	2,771	R2	2,825			
S3	2,760	R3	2,843			

Source Bloomberg

Synopsis - Intraday

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (43)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,810
- Technically bearish with a neutral bias on the last report, the MA on the RSI implied that momentum was supported. The deep pullback previously had suggested that there would be further downside within this corrective phase. However, we noted that if we traded above USD 2,822, then technical would back in bull territory. The issue was that we had the linear regression line at USD 2,824 and the daily 200-period MA at USD 2,835. These were all important levels, so we continued to be cautious on moves higher until we closed and held above the USD 2,835 level. We had momentum and volume support, but we were approaching an inflection area, meaning we had a neutral view until we saw a confirmed correction, or a bullish close.
- The futures closed but failed to hold above the daily 200-period MA (USD 2,825), resulting in a small move 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 2,810 with the RSI at or above 53 will mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 2,760 will support a 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 implies that momentum is weak, whilst a series of three intraday peaks being followed by a move lower. This isn't a head and shoulders pattern (in a classic sense) as the right shoulder is higher than the left. However, the right shoulder is supported by higher volume on the downside breakout, warning the intraday – 200 period MA (USD 2,771) could come under pressure. This average has acted as support for the last eight weeks, making it a key focal point on the technical, if it holds, resistance levels remain vulnerable; conversely, a close that holds below the average will indicate that sell side pressure is increasing. Countering this, the futures are in the process of rejecting the daily 200-period MA. The linear regression has created a rising channel; however, the structure of this upside move that started in April is looking more like a 3-3 wave pattern, suggesting it is not bullish impulse. Based on this, alongside the failure to hold above the longer-term daily average, we continue to be cautious on upside moves at this point.

Nickel Morning Technical (4-hour)

Support		Resistance		Current Price	Bull	Bear
S1	15,005	R1	15,122	15,095		RSI below 50
S2	14,970	R2	15,195			
S3	14,892	R3	15,340			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (46)
- Stochastic is below 50
- Price is below the daily pivot point USD 15,122
- Technically bearish on the last report, we had noted previously that it looked like the bearish wave cycle may have completed; however, if we rejected the USD 15,340 level it would warn that there could be a larger, more complex bearish Elliott wave cycle in play. The futures had traded and closed above the 200-period MA, if we held above it, then it would warn that the USD 15,340 resistance could be tested and broken. If it was, then the probability of the futures trading to a new low would start to decrease, further supporting our Elliott wave analysis and a buyer's argument.
- The futures traded above the USD 15,340 resistance before entering a corrective phase. We are below the EMA resistance band 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 15,122 with the RSI at or above 48.5 will mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 14,970 will support a bull argument.
- Technically we are bearish with a neutral bias, meaning the probability of the futures trading to a new low has started to decrease. There is a confliction on this technical, as we have a 'potential' bearish head and shoulders pattern coming into play (highlighted), countering this, we look to have (previously) completed the downside Elliott wave cycle. If we break the USD 15,005 level, then the H&S pattern is in play; however, if we hold the USD 14,970 Fibonacci support and move higher, then we have a corrective 3-wave pattern that is in line with the Elliott wave completion. The MA on the RSI implies momentum weakness, below USD 15,005 we will have an intraday positive divergence in the RSI, warning sell side momentum could slow. The conflicting signals suggest neutrality; until the technical tells us differently, we will continue to maintain a cautious view on corrective moves lower due to our Elliott wave analysis previously.

Lead Morning Technical (4-hour)

Support		Resistance		Current Price	Bull	Bear
S1	1,959	R1	1,986	1,971.5	Stochastic oversold	RSI below 50
S2	1,937	R2	2,012			
S3	1,909	R3	2,023			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (38)
- Stochastic is oversold
- Price is below the daily point USD 1,986
- Technically bearish previously, the MA on the RSI implied that we had momentum support with price moving higher on increased volume. Our Elliott wave analysis suggested that downside moves could now be countertrend, as the bear cycle looks like it may have completed. The futures were testing the USD 2,012 resistance, if broken, then the probability of price trading to a new low would start to decrease. However, we also had the 200-period MA at USD 2,011, meaning price would need to close and hold above the average for upside continuation.
- The futures traded above the USD 2,012 resistance but failed to hold above the intraday 200-period MA (USD 2,013), resulting in price selling lower. 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 1,986 with the RSI at or above 46 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 2,012 will warn there could be a larger, bearish, Elliott wave cycle in play. Note: this resistance is back in play due to recent move lower being deep into the last bull wave.
- Technically bearish, the MA on the RSI implies that momentum is weak. We previously noted that the downside Elliott wave cycle looked to have completed; however, the rejection of the 200-period MA alongside the depth of the pullback is now warning that the USD 1,956 fractal low is vulnerable.