



Base Morning Technical Report

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China

(Bloomberg) -- The Hang Seng China Enterprises Index climbs as much as 1.9%, as a jump in Chinese industrial profits boosts sentiment, with tech names including Alibaba helping drive gains.

Top contributors to the the gauge's advance include Alibaba +4.7%, Tencent +3%, Meituan +3.2%

Alibaba's ADR price target boosted by Morgan Stanley on higher cloud growth estimates, driven by increased capital expenditure, model upgrades, strategic partnerships and accelerated international expansion

Consumer and travel stocks including Trip.com and casino shares also jump, as investors look to China's upcoming eight-day Golden Week holiday, alongside recent stimulus measures for service industries to spur spending

Onshore CSI 300 Index rose 1.5% Monday, with brokerage stocks among the best performers

Brokers rose after underperforming the market in a "catch-up play," according to Hao Hong, managing partner/CIO at Lotus Asset Management Ltd., in Hong Kong

Investors are also buying ahead of the Golden Week holidays in China, as "normally stocks continue to go up after the holiday in a bull market"

A report earlier that the government will "focus on consumption like we focus on production" is also extremely important, as it signals "more consumption related policies," he says

The rebound "looks encouraging, and markets may take it positively as anti-involution policies help margins, adding to the upbeat sentiment already driven by the AI theme," says Charu Chanana, chief investment strategist at Saxo Markets

"While today's Politburo meeting is just a preview, it's boosting confidence among investors that more policy support might come through for the upcoming 15th Five-Year-Plan, especially around support for AI and high-end manufacturing sectors," says Jason Chan, senior investment strategist at Bank of East Asia in Hong Kong

Copper Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	10,205	R1	10,376	RSI above 50
S2	10,115	R2	10,485	
S3	10,044	R3	10,546	

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- The RSI above 50 (60)
- Stochastic is below 50
- Price is above the daily pivot point USD 10,213
- Technically bullish but in a corrective phase on Friday. The close below the low of the high candle warned that buy-side pressure is easing; however, the upside move previously had been matched by the RSI, which had also made new highs. The momentum strength alongside price warned that the intraday move lower that we are seeing had the potential to be countertrend, making USD 10,115 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 to a low of USD 10,165.5 before finding light bid support. We are above the EMA support band with the RSI above 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle above USD 10,213 with the RSI at or above 63 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. Downside moves that hold at or above USD 10,115 will support a bull argument, below this level the technical will have a neutral bias.
- The futures remain bullish but in a corrective phase with the MA on the RSI now starting to turn lower, warning there is early evidence of momentum weakness. As noted previously, with price and the RSI making new highs, momentum suggests downside moves have the potential to be countertrend, making USD 10,115 the key support to follow. Below this level the probability of the futures trading to a new high will start to decrease. However, upside moves that fail at or below USD 10,376 will warn that there could be further downside within the corrective phase. Based on the momentum peak previously, we continue to be cautious on corrective moves lower.

Aluminium Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	2,655	R1	2,673	2,663	RSI above 50	
S2	2,633	R2	2,688			
S3	2,624	R3	2,699			

Source Bloomberg

Synopsis - Intraday

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (51)
- Stochastic is above 50
- Price is above the daily pivot point USD 2,655
- Technically bearish with a neutral bias last week, the MA on the RSI implied that momentum was supported. As highlighted previously, the depth of the pullback suggested that the probability of the futures trading to a new high had started to decrease. However, the corrective phase looks like it had potentially completed, whilst price has found bid support on a high volume candle on a lower timeframe divergence, meaning we were cautious on corrective moves lower.
- Sideways action, the futures remain supported. We are above the EMA support band 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 2,655 with the RSI at or below 46.5 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 2,688 will leave the futures vulnerable to further tests to the downside, above this level the technical will be back in bullish territory.
- Unchanged on the technical today, we remain bearish with the deep pullback suggesting that the probability of the futures trading to a new high has started to decrease. However, as noted previously, with the corrective phase of the wave cycle looking like it may have completed, whilst price has found bid support on a high volume candle and lower timeframe divergence; we continue to be cautious on downside moves. Upside moves above USD 2,688 will imply buyside pressure is increasing, whilst a close that holds above the linear regression line (USD 2,689) will warn that the USD 2,720 fractal high could be tested and broken. Conversely, market buyers should be cautious on upside moves that reject the USD 2,688—USD 2,689 resistance area.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,878	R1	2,901	Stochastic oversold	RSI below 50
S2	2,846	R2	2,922		
S3	2,838	R3	2,951		

Source Bloomberg

Synopsis - Intraday

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (46)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,901
- Technically bullish on Friday, the upside move above the USD 2,951 resistance suggested that downside moves should in theory be countertrend. The RSI was below its average; however, the MA on the RSI still implied that momentum was supported at that point. If price and momentum became aligned to the buy side, it would signal buy side pressure was increasing, warning resistance level would become vulnerable. Key support was at USD 2,838, below this level the probability of the futures trading to a new high would start to decrease. However, USD 2,836 was two standard deviations below the linear regression line, if tested, it would warn that the futures were overextended to the downside. Of the two support levels, USD 2,836 held more weight than USD 2,838.
- Price and momentum remained aligned to the sell side, resulting in the futures trading to a low of USD 2,880.5. We are below the EMA support band with the RSI below 50.
- A close on the 4-hour candle above USD 2,901 with the RSI at or above 53 will mean price and momentum are aligned to the buy side. Downside moves that hold at or above USD 2,838 will support a bull argument, below this level the technical will have a neutral bias.
- The futures remain bullish but in a corrective phase with the upside move above USD 2,951 suggesting downside moves should in theory be countertrend. We have the intraday 200-period MA at USD 2,846, whilst USD 2,839 is two standard deviations below the linear regression line. This would suggest that if we test the support area, the futures will start to look overextended to the downside. Based on the technical and support at lower levels, we maintain a cautious view on corrective moves lower at this point, as they could struggle to hold.

Nickel Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	15,200	R1	15,217	15,210	Stochastic oversold	RSI below 50
S2	15,157	R2	15,387			
S3	15,055	R3	15,535			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (45)
- Stochastic is oversold
- Price is above the daily pivot point USD 15,200
- Bullish with a neutral bias on Friday, the probability of the futures trading to a new high had started to decrease, whilst the double top rejection meant we were cautious on upside moves at that point. The futures were testing the intraday 200-period MA (USD 15,207), meaning we are at an intraday inflection point. If we hold above the average, the futures would be vulnerable to an intraday move higher; however, a close that held below it would encourage market sellers to test the USD 15,160 and USD 15,055 fractal support levels. The technical suggested caution on intraday moves higher.
- The futures sold to a low of USD 15,150 before seeing light bid support. We are below the EMA resistance band with the RSI below 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle above USD 15,200 with the RSI at or above 50.5 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 USD 15,387 will leave support levels vulnerable, above this level the technical will be back in bullish territory.
- We remain bullish with a neutral bias with the MA on the RSI implying momentum is weak at this point, making USD 15,387 the key resistance to follow. A rejection of this level will leave the futures vulnerable to further tests to the downside. The futures have traded below the USD 15,160 fractal support, whilst the RSI has also made new lows, suggesting caution on upside moves at this point. If we close and hold above the intraday 200-period MA (USD 15,217) and trade above the USD 15,387 level, then the technical will be back in bull territory. At this point, the USD 15,535 fractal resistance will become vulnerable.

Lead Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	1,988	R1	2,004	1,991.5	Stochastic oversold	RSI below 50
S2	1,982	R2	2,012			
S3	1,972	R3	2,020			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (42)
- Stochastic is oversold
- Price is below the daily point USD 2,004
- The futures remained bullish but in a corrective phase on Friday; however, as noted previously, daily price action remained neutral. Whilst above the daily 200-period MA (USD 1,988), resistance levels were vulnerable; however, for upside continuation that futures would need to close and hold above the USD 2,020 fractal high. Conversely, a close below the average would indicate sell side pressure was increasing. With random price action on the intraday technical (key support and resistance levels have recently been broken) we will continued to focus on daily price levels.
- The futures have sold lower with price below all intraday 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 2,004 with the RSI at or above 53.5 will mean price and momentum are aligned to the buy side. Downside moves that hold at or above USD 1,988 will support a bull argument, below this level the technical will have a neutral bias.
- The futures have sold down to but have held above the USD 1,988 level, this is also the daily 200-period MA. Daily price action remains neutral, whilst above the average resistance remains vulnerable. Conversely, a close that holds below the USD 1,988 will indicate sell side pressure is increasing.

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