FIS Base Morning Technical Report

info@freightinvestor.com | freightinvestorservices.com | (+44) 207 090 1120

China

(Bloomberg) -- China's economy is heading for a second straight quarter of growth below the 2026 target set by the nation's leaders, with their recent stimulus measures having come too late to make a notable impact.

Figures due Monday will show gross domestic product rose 4.4% last quarter from a year earlier, according to the median estimate of economists polled by Bloomberg. While that would be a slight improvement on the 4.3% for the three months through June, it would again undershoot Beijing's official annual target of 4.5% to 5%.

Much of the expansion relies on exports, which have been surging amid the global artificial intelligence investment boom. Monthly data on retail sales, also out Monday, are expected to show one of the weakest readings in modern history. While the government did intervene with its biggest stimulus push in two years last month, many observers doubt it amounted to any sort of game-changer.

"Without a decisive policy shift toward supporting household incomes and consumption, China is likely to remain trapped in a prolonged period of low inflation and subpar growth," Michelle Lam, greater China economist at Societe Generale SA, wrote in a report Tuesday.

Lam, along with most economists, still sees Beijing as having done enough to secure its full-year target. "The bigger challenge lies in 2027, where GDP growth may ease further to below 4.5%," she said.

The government has been speeding up the sales of public bonds to support the construction of major infrastructure projects. And since late September, officials have rolled out mortgage subsidies, expanded central bank funding support for sectors including technology and infrastructure and granted $82 billion in additional spending power for provinces.

What Bloomberg Economics Says...

"China's September activity data will likely start to show the economy stabilizing as policy support steps up. The incremental stimulus should come mainly through public investment, helping cushion the broader downturn in fixed-asset investment."

— Chang Shu and Eric Zhu. For full analysis, click here.

The measures bear echoes of 2024, when GDP growth similarly slipped below target for two straight quarters before officials stepped in. This time, the AI surge is offering a helping hand.

A 36% jump in exports last month likely helped drive an acceleration in industrial output. Production is forecast to rise 5.4% in September from a year ago, picking up from the 5.2% pace in August. The official manufacturing purchasing managers' index, which measures factory activity, expanded for the first time since June.

"The transmission of the benefits of technology-driven development to average households appears slow," Standard Chartered Plc economists including Carol Liao wrote in a report. "Despite resilient exports and broadly stable headline growth, household demand remains subdued, while retail sales have weakened again as the boost from goods trade-in subsidies fade."

China's reliance on trade to power growth also poses a risk at a time of growing protectionism, with the European Union now joining the US in raising barriers to Chinese goods. It also leaves the country exposed to the ebbs and flows of the investment frenzy around AI.

China's more frequent economic setbacks are also starting to call into question its longer-term prospects, with consumer demand being persistently weak and showing no sign of recovery. Earlier this week, the International Monetary Fund projected China's economy will slow to 4% in 2027, in its latest global outlook.

That would be a significant downgrade from the 6%-plus annual growth rates in the years leading up to Covid, and even the 4.9% pace achieved since 2020.

Copper Morning Technical (4-hour)



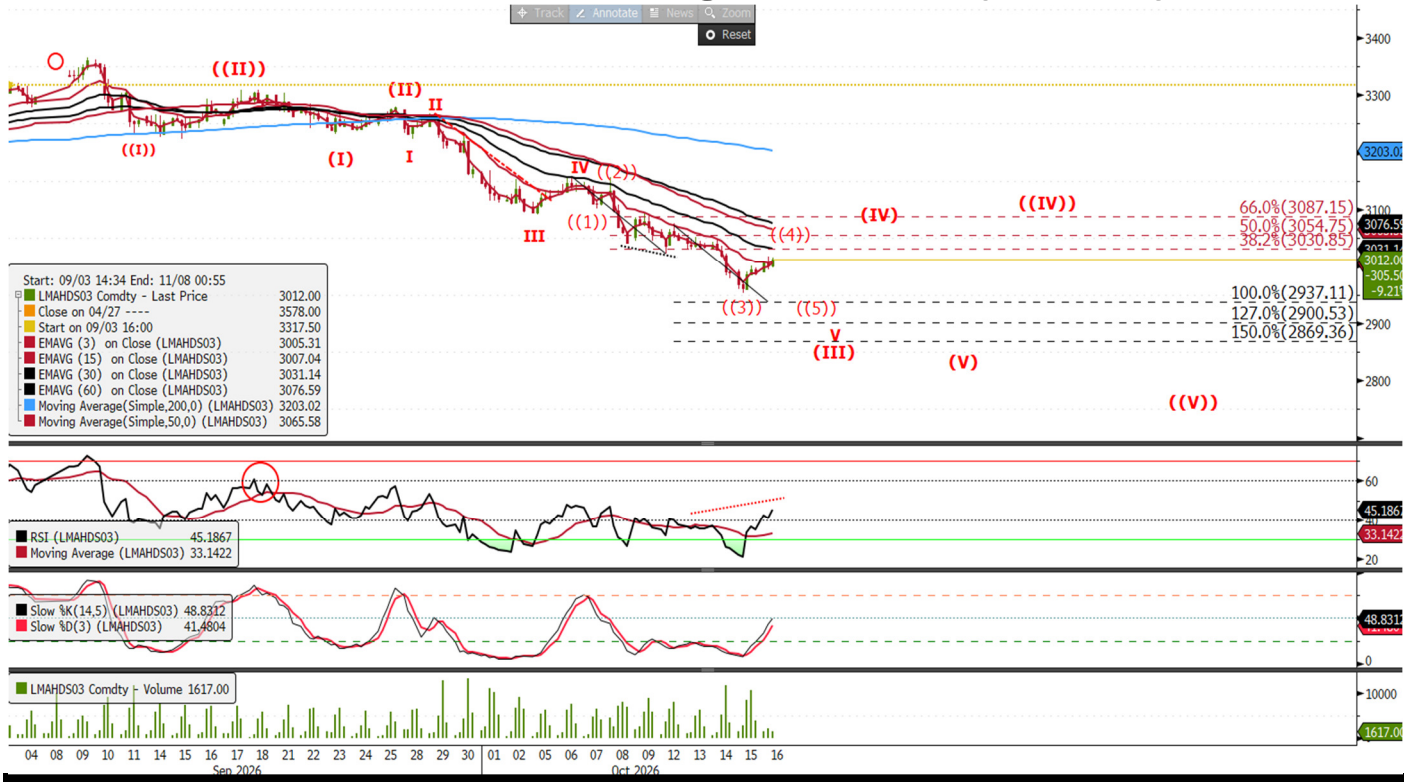
Support		Resistance		Current Price	Bull	Bear
S1	14,360	R1	14,457	14,436	Stochastic oversold	RSI below 50
S2	14,317	R2	14,478			
S3	14,213	R3	14,459			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- The RSI below at 50 (47)
- Stochastic is oversold
- Price is above the daily pivot point USD 14,360
- Technical Outlook: Downside symmetrical breakout
- The upside rejection on weakening momentum previously had resulted in price closing below the trend support line, signaling a downside breakout from the symmetrical triangle, this warned that support levels were vulnerable. Price was below the intraday 200-period MA at USD 14,385 but testing the daily 200-peirod MA at USD 14,342 (correction, daily 50). A daily close below the 50-period SMA would weaken the technical further; conversely, a close above the intraday 200-period MA would warn that market buyers were defending the average. However, the futures would need to close and hold above the trend resistance line at USD 14,430 to neutralize the downside breakout. Upside moves that rejected the USD 14,430 level would leave price vulnerable to further tests to the downside.
- The futures traded at a low of USD 14,256 before closing on the daily 50-period SMA at USD 14,348. Bid support on the Asian open means that we are testing the trend resistance at USD 14,457. 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 14,360 with the RSI at or above 48.5 would mean price and momentum are aligned to the buyside; likewise, a close below this level with the RSI at or below 44 would mean it is aligned to the sell side . Upside moves that fail at or below USD 14,549 would leave the futures vulnerable to further tests to the downside, above this level the probability of price trading at a new low would start to decrease.
- Technical Outlook: Retest
- The upside move in the futures has tested but remains below the trend resistance line at USD 14,457; however, a rejection from the trend resistance will need to see a close and hold back below the intraday 200-period MA at USD 14,394. Conversely, a close and hold back above the resistance line would neutralize the downside breakout. We are potentially seeing a break, retest, and rejection of the symmetrical triangle, further downside and a bearish close and hold is still needed for confirmation.

Aluminium Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	2,980	R1	3,030	3,0012		RSI below 50
S2	2,953.5	R2	3,051.5			
S3	2,937	R3	3,054			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (45)
- Stochastic is below 50
- Price is above the daily pivot point USD 2,980
- Technical outlook Previously: Sell side pressure increasing
- The move lower previously had signaled a bearish Elliott wave extension, while the RSI had broken near-term support, meaning we had bearish momentum confirmation. Above average volume supported the move lower, while the wave cycle warned that upside moves should be considered as countertrend. In theory, with this looking like it is a bearish impulse wave 3, we noted that we would expect the USD 2,937 support to be breached. Key resistance was at USD 3,034, pullbacks above this level would reduce the probability of price trading at a new low.
- Having traded at a low of USD 2,953.5 the futures have seen bid support, the failure to trade below the USD 2,937 support would suggest that the wave extension started earlier. We remain below the EMA resistance band with the RSI below 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 2,980 with the RSI at or below 31 would mean price and momentum are aligned to the sell-side. Upside moves that fail at or below USD 3,087 (revised higher due to the adjustment in the wave count) would warn that support levels could come under further pressure, above this level the technical would have a neutral bias.
- Technical outlook: Upside moves considered as countertrend
- Although we have adjusted the wave count as it now looks like the wave three extension started earlier, we maintain our view that upside moves should be considered a countertrend. A negative reversal pattern also supports are analysis, as this also implies that upside move could struggle to hold. Key resistance to follow is at USD 3,087, above this level, the lowest timeframe Elliott wave cycle will have a neutral bias. This move lower is part of a larger corrective wave cycle, we identify 4 bearish wave cycles of different degrees in play at this point in time, suggesting we are in a strong trending environment.

Zinc Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	3,676	R1	3,706	3,697	Stochastic oversold	RSI below 50
S2	3,636	R2	3,7385			
S3	3,585	R3	3,766			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (43)
- Stochastic is oversold
- Price is above the daily pivot point USD 3,676
- Technical outlook Previously: support under pressure
- The futures are trading just below the USD 3,706 support yesterday with the RSI at 41, we are now below near-term support levels, warning momentum was starting to weaken. A close and hold below the USD 3,706 level with the RSI moving and holding below the 40 would signal that sell side pressure was on the increase. If the current candle closed back above the USD 3,706 level, then the technical remains in consolidation.
- The futures traded at a low of USD 3,650 before finding light bid support. We are below all key moving averages supported by the RSI below 50, intraday price and momentum are conflicting, as the RSI was on its MA on the previous candle close.
- A close on the 4-hour candle above USD 3,676 with the RSI at or above 44 would mean price and momentum are aligned to the buy-side; likewise, a close below this level with the RSI at or below 39.5 would mean it is aligned to the sell side. Upside moves that fail at or below USD 3,766 would warn that support levels could come under further pressure.
- Technical outlook: Inflection point
- The futures have traded back above the USD 3,706 resistance, however, the move is struggling to hold, as we are back below the USD 3,706. The counter to this, the RSI has moved back above 40, if we hold above 40 it would warn of momentum support. Price is at an inflection point, as we are yet to see if we hold below the range formation, we would also need to see the RSI move below 40 to signal a weakening technical. If we close and hold above USD 3,706, it would neutralize the downside breakout.