

China

China's property market crisis is testing whether central bank Governor Yi Gang can stick to his stimulus-lite strategy.

Over the past couple of weeks, Yi has cut key lending rates, announced special loans to struggling property developers via policy banks and urged state-owned lenders to extend more credit. Meantime, speculation of a cut to reserve requirement ratios grows.

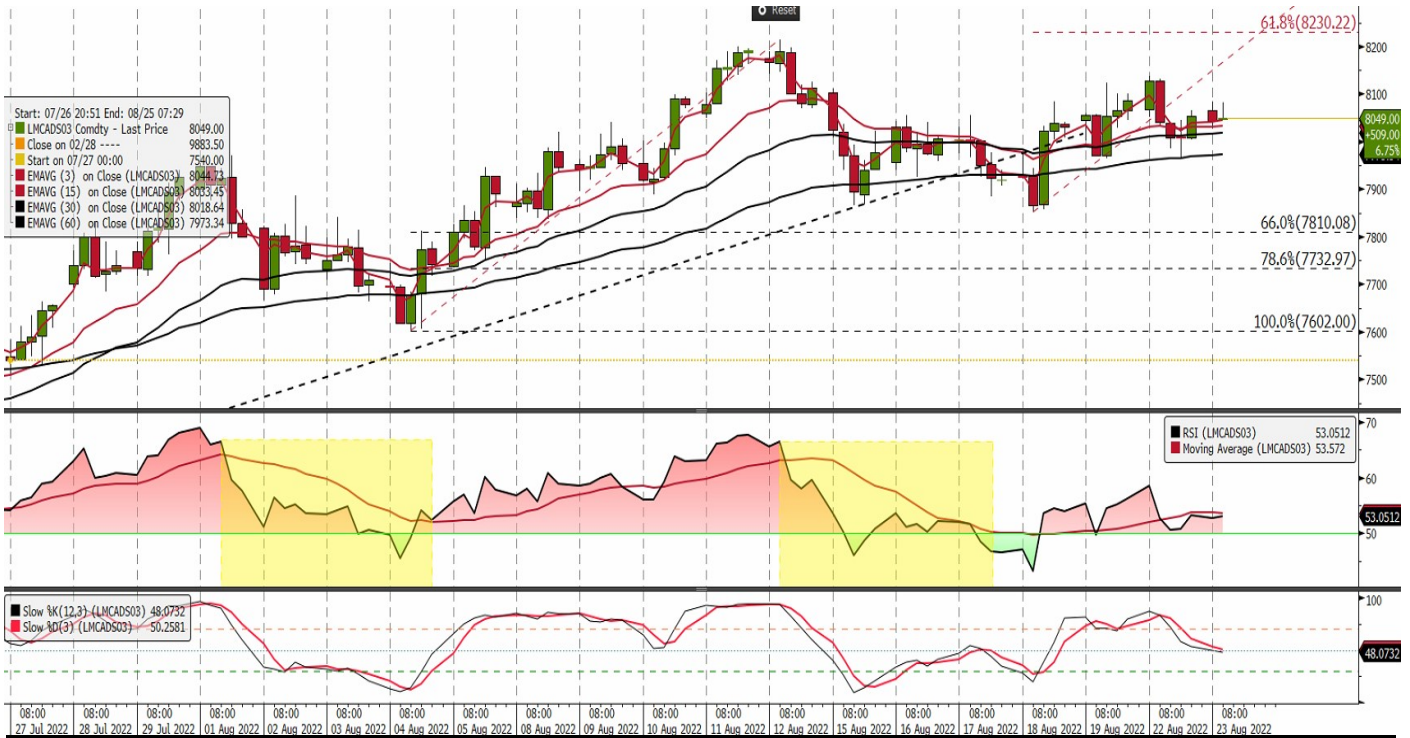
Even with the raft of recent moves, there's still a focus on containing risks. That's in line with Premier Li Keqiang and the State Council's cautious policy mindset that states the country won't "overdraw the future." (Bloomberg).

Al

Aluminum edged higher as traders weighed worsening power shortages in China that are tightening metal supplies against a deteriorating outlook for demand.

China's Sichuan province has idled all its operational aluminum plants -- with total annual capacity of 1 million tons -- due to the power crunch, according to researcher Mysteel. That compared with about 400,000 tons of closed capacity as of last week, Shanghai Metals Market reported. The shutdowns have now halted about 2.4% of the country's massive aluminum capacity (Bloomberg).

Copper Morning Technical (4-hour)



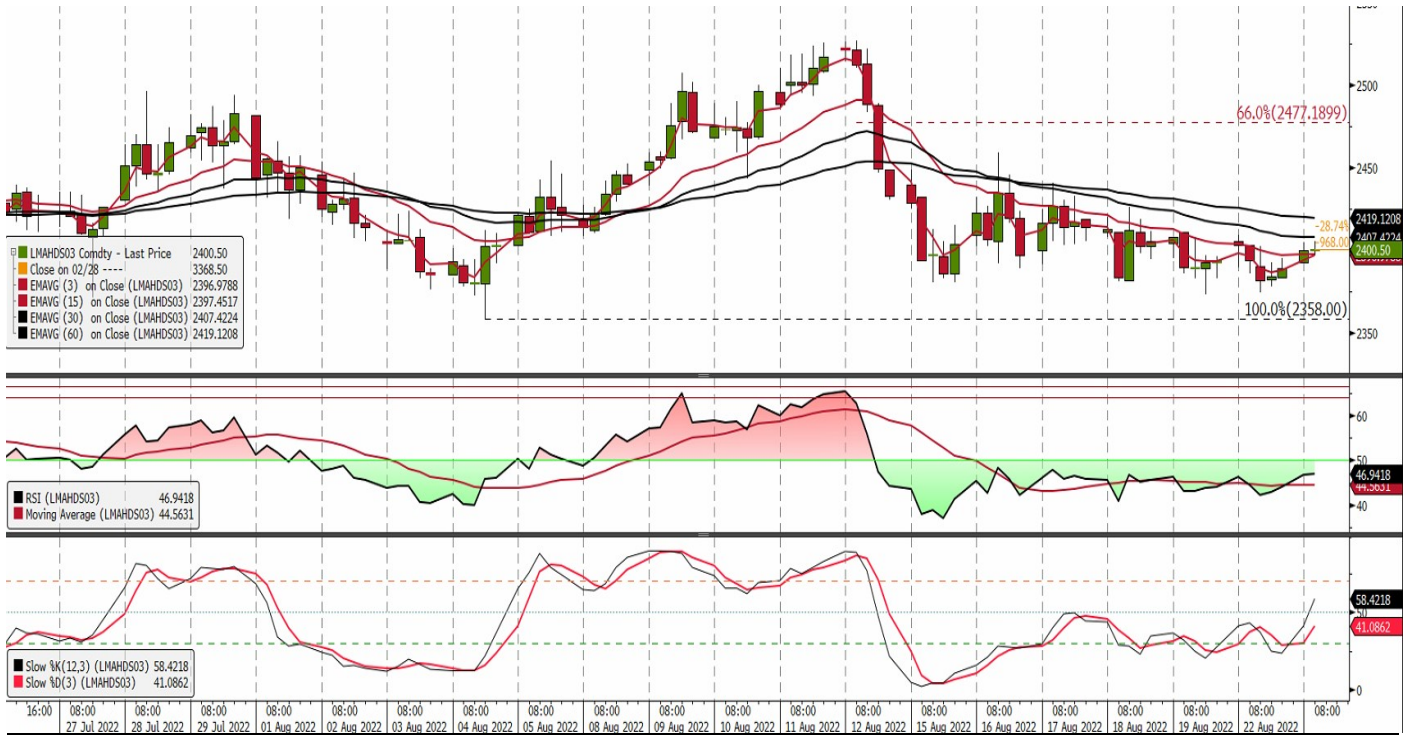
	Support	Resistance	Current Price	Bull	Bear
S1	8,052	R1	8,049	RSI above 50	
S2	7,966	R2			
S3	7,810	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is at 50 (53)
- Stochastic is at 50
- Price is above the daily pivot point USD 8,052
- Bullish based on price last week but with a neutral bias due to price being above key support and below key resistance. Price moved higher on Friday before trading above the USD 8,095 resistance on the open due to the rate cut in China. Price has failed to hold the upside move with the futures trading below the opening value. The futures are above the 8-21 period EMA's supported by the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 8,058 with the RSI at or below 50.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 7,810 will support a bull argument, below this level the technical will have a neutral bias. Only below USD 7,602 is the intraday technical bearish.
- The upside move above USD 8,095 does support a bull argument, warning that the USD 8,214 fractal high could be tested. However, the opening price is failing to hold, warning the opening move is not strong, leaving support levels vulnerable.
- Technically bullish, rate movements have the potential to mess with the wave analysis on the intraday as this is a psychological footprint of the market. However, if you at the intraday cycle that started from the USD 7,602 low on the 04/08 you will see that if this is a bullish move then the wave-3 is currently the shortest wave with price trading to a low of USD 7,852 on the 18/08. This means that the wave 5 must be shorter than the wave 3, implying we cannot trade above USD 8,190. Anything out side of this is either a new cycle, or a complete failure of the cycle.

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,390	R1	2,426	2,400	RSI below 50
S2	2,358	R2	2,459		
S3	2,310	R3	2,527		

Source Bloomberg

Synopsis - Intraday

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (47)
- Stochastic is below 50
- Price is above the daily pivot point 2,390
- The downside move in the futures yesterday failed to trade below the previous days low before moving higher on the Asian open. Price remains 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 2,390 with the RSI at or below 42.5 will mean price and momentum are aligned to the sell side. Upside moves above USD 2,459 will create a new high, supporting a bull argument. Likewise, downside moves below USD 2,358 will leave the USD 2,310 fractal low vulnerable.
- Technically bearish the futures remain in a consolidation phase with the EMA band starting to flatten, indicating we continue to have neutral bias on the futures.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	3,487	R1	3,511.50		RSI above 50
S2	3,413.5	R2			
S3	3,267	R3			

Synopsis - Intraday

Source Bloomberg

- Price is between the EMA support band (Black EMA's)
- RSI is above/at 50 (49.5)
- Stochastic is overbought
- Price is above the daily pivot point USD 3,510
- Another day of sideways action in the futures with price remaining between the EMA support band. The RSI is near neutral at 49.5 with price and momentum aligned to the buyside.
- A close on the 4-hour candle below USD 3,510 with the RSI at or below 46 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 3,681 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- The RSI is neutral at 49.5 whilst the stochastic is in overbought territory, momentum is warning that the futures are vulnerable to further tests to the downside. If the RSI moves above 50 then the overbought stochastic becomes less relevant.
- Technically bearish the EMA remains flat with price moving sideways, indicating we continue to have a neutral bias within the bearish environment.

Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	22,258	R1	22,343	RSI above 50	
S2	21,020	R2			
S3	20,616	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (50.8)
- Stochastic is above 50
- Price is above the daily pivot point USD 22,258
- The futures remain in a consolidation phase having moved slightly higher yesterday. Price is above the EMA support band with the RSI now neutral at 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 22,258 with the RSI at or below 46 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 23,277 will leave the futures vulnerable to further tests to the downside, above this level the futures will target the USD 24,090 fractal resistance.
- The technical continues to remain unchanged with the futures neutral on price supported by flat EMA's (Unchanged)

Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,006	R1	2,028	Stochastic oversold	RSI below 50
S2	2,001	R2	2,064		
S3	1,942	R3	2,101		

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (37)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,028
- The futures continue to move lower with price 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 2,028 with the RSI at or above 41 will mean price and momentum are aligned to the buyside. Upside moves above USD 2,064 will warn the Fibonacci resistance zone could be tested; however, the futures remain vulnerable below USD 2,153, and neutral above.
- The downside move in the futures means we are now nearing the USD 2,001 fractal support, if broken the futures will be considered bearish.
- Technically bullish but with a neutral bias due to the depth of the pullback. The wave cycle had warned of potential weakness; however, until we trade below USD 2,001, we will not have confirmation that the Elliott wave sequence has failed.