

China

China will likely assess the impact of rate cuts on capital flows and prices carefully before deploying interest-rate tools again, according to Bank of America Corp.

“We do not think the PBOC is committed to embarking on a new rate cut cycle,” BofA economists including Helen Qiao wrote in a note Tuesday. That outlook comes “against the backdrop of upcoming Fed rate hikes in 2H22 and the PBOC’s rising concerns on inflation risks.”

Less-than-expected cut on the 1-year loan prime rate sends a mixed signal

“This baby step rate cut indicates the PBOC is not wishing to send too much easing signal, especially to the money market, where the 7-day repo rate is already too low by the PBOC’s standard” (Bloomberg).

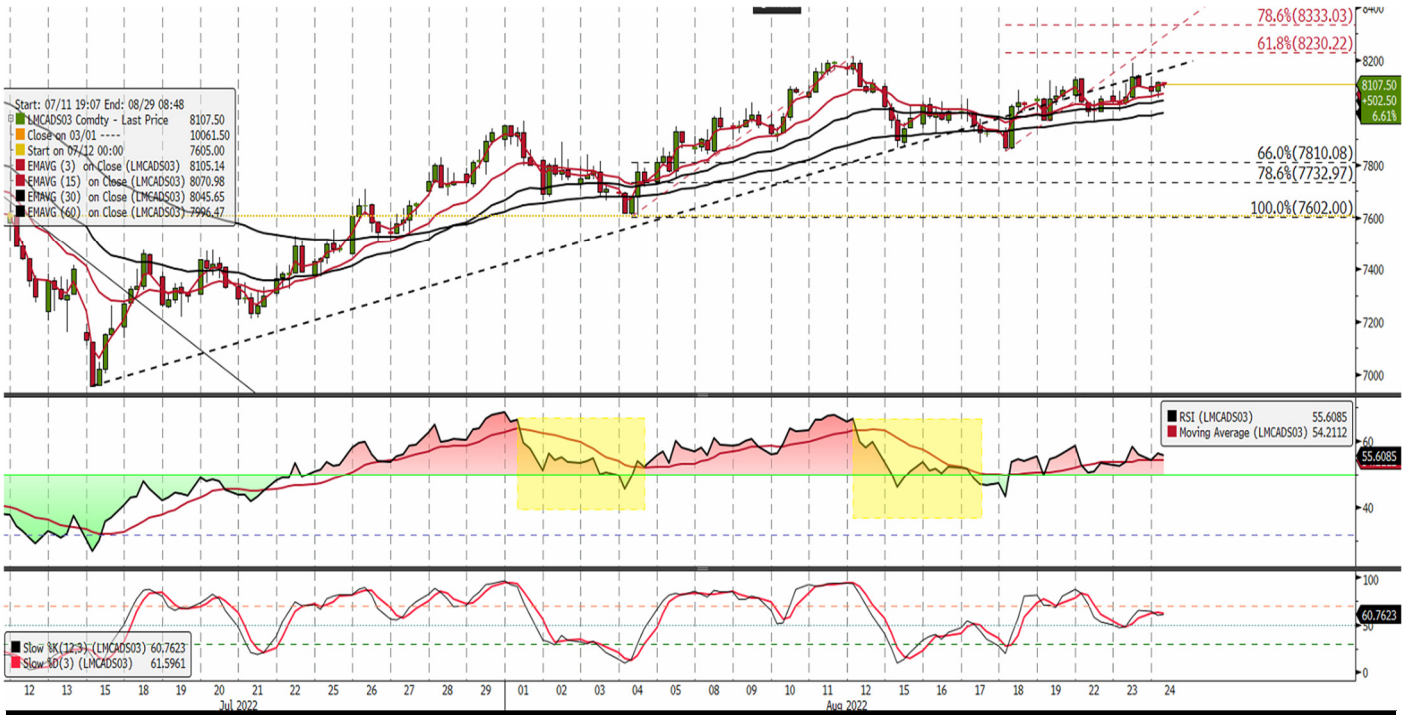
Al

Aluminum rose for a third day as an electricity crisis further curtailed output at European smelters, while weakening economic activity darkened the demand outlook.

Aluminum producer Speira GmbH is considering cutting production at its German smelter to 50% of total capacity, as surging energy costs squeeze power-intensive industries across Europe. The energy crisis has already cut half the region’s aluminum and zinc production capacity in the past year.

In China, a power crunch amid scorching temperatures has disrupted metal production, with Sichuan province shutting down all local operational aluminum smelters, or 2.4% of the country’s total capacity.

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	8,100	R1	8,214	RSI above 50	
S2	7,966	R2	8,230		
S3	7,810	R3	8,333		

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is at 50 (53)
- Stochastic is above 50
- Price is above the daily pivot point USD 8,100
- The futures have the previous trend support above them, acting as a resistance line with the EMA support band below. The RSI remain above 50 with price and momentum aligned to the buyside.
- A close on the 4-hour candle below USD 8,100 with the RSI at or below 52 will mean price and momentum are aligned to the sell side. Key support remains unchanged, the futures are bullish above USD 7,810 and neutral below.
- Upside moves above USD 8,214 will creates a second negative divergence, not a sell signal it does warn of the potential for a momentum slowdown.
- Technically bullish with price remaining above key support, there is the potential for this move to have an extended 5th wave; however, based on our wave analysis at this point, the futures, although technically bullish are not considered a technical buy.

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,420	R1	2,459	RSI above 50	Stochastic overbought
S2	2,358	R2	2,527		
S3	2,310	R3	2,536		

Source Bloomberg

Synopsis - Intraday

- Price is above the EMA resistance band (Black EMA's)
- RSI is above 50 (53)
- Stochastic is overbought
- Price is above the daily pivot point 2,420
- From a technical perspective little has changed in the sense the futures remain in a consolidation phase. However, we have seen the futures move higher putting price above the EMA resistance band and the RSI above 50, intraday price and momentum is aligned to the buyside.
- A close on the 4-hour candle below USD 2,420 with the RSI at or below 46.5 will mean price and momentum are aligned to the sell side. Upside moves above USD 2,459 will warn that the USD 2,527 fractal resistance is vulnerable
- Technically neutral, the upside move above the EMA band with the RSI above 50 is warning that resistance levels could be tested.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear	
S1	3,450	R1	3,491		RSI above 50	
S2	3,413.5	R2				3,568
S3	3,267	R3				3,603
					3,644	

Synopsis - Intraday

Source Bloomberg

- Price is between the EMA support band (Black EMA's)
- RSI is below 50 (48)
- Stochastic is below 50
- Price is below the daily pivot point USD 3,494
- 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 conflicting
- A close on the 4-hour candle below USD 3,494 with the RSI at or below 46 will mean price and momentum are aligned to the sell side. Likewise, a close above this level with the RSI at or above 50.5 will mean it is aligned to the buyside. 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 remains below 50 with price moving marginally lower, the stochastic is now neutral.
- 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	21,020	R1	21,625	Stochastic oversold	RSI below 50
S2	20,616	R2			
S3	20,500	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (45)
- Stochastic is oversold
- Price is below the daily pivot point USD 21,976
- The futures have seen a downside move with price trading below the USD 2,1650 support on the open. Price is below the EMA resistance 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 21,976 with the RSI at or above 50 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 23,277 will leave the futures vulnerable to further tests to the downside, above this level we target the USD 24,090 fractal resistance.
- Technically bullish with a neutral bias due to the depth of the pullback, we are seeing price and momentum weakening, warning the USD 21,020 support could come under pressure. A close below on the 4-hour candle below USD 21,740 will further support a weakening technical.

Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	1,943.5	R1	1,989	Stochastic oversold	RSI below 50
S2	1,911	R2	2,053		
S3	1,828	R3	2,084		

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (29)
- Stochastic is oversold
- Price is below the daily pivot point USD 1,989
- We had previously noted that the technical although bullish had warning signs that we could correct due to the length of the last upside wave. The futures have now traded below USD 2,001 meaning the technical is now bearish. Price remains 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 1n989 with the RSI at or above 37.5 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 2,126 will leave the futures vulnerable to further tests to the downside.
- Technically bearish, the RSI is making new lows with the averages starting to widen, suggesting upside moves should be considered as countertrend at this point.