

China

China once again pushed back against yuan weakness through its currency fixing as it braced for a potential surge in the dollar following the Federal Reserve's Jackson Hole symposium on Friday.

The People's Bank of China set its fixing 56 pips stronger than the average estimate in a Bloomberg survey. That's after Thursday's fix was 120 pips stronger than the forecast, the widest gap since February 2020. While Thursday's move helped the offshore yuan pare recent losses, it remains Asia's second-worst performer this quarter. (Bloomberg).

Cu

Maike Metals International Ltd., one of China's biggest copper traders, has been seeking help from the government and financial institutions to alleviate "liquidity difficulties" that have caused it to delay some payments on cargoes, its founder said on Friday.

The company "is suffering temporary difficulties in logistics, transportation and product sales due to Covid flareups in China," Chairman He Jinbi told Bloomberg News in an interview. It has delayed payments on some cargoes and, therefore, some suppliers have canceled some deliveries, He said.

The problems are only affecting 10,000 to 20,000 tons of refined copper supply, which accounts for a very small portion in the company's supply chain, the chairman said. Maike imports over 1 million tons of refined copper annually, He said. (Bloomberg).

Al

Aluminum edged higher in London, with a worsening demand outlook countering supply cuts brought on by the energy crisis.

Prices rose after aluminum producer Speira GmbH said it 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 already cut half the region's aluminum and zinc production capacity in the past year (Bloomberg).

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	8,105	R1	8,214	RSI above 50	Stochastic overbought
S2	7,995	R2	8,230		
S3	7,810	R3	8,333		

Synopsis - Intraday

Source Bloomberg

- Price is in the EMA support band (Black EMA's)
- RSI is above 50 (58)
- Stochastic is overbought
- Price is above the daily pivot point USD 8,105
- The futures continue to move higher with price above all key moving averages supported by the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 8,105 with the RSI at or below 52.5 will mean price and momentum are aligned to the sell side. Downside moves below USD 7,995 will create a lower low in the futures, meaning the intraday technical would be bearish based on price.
- The RSI is above 50 and its EMA, however, if the futures trade above USD 8,214 then we will have a negative divergence in play, not a sell signal, it does warn we have the potential to see a momentum slowdown and will need to be monitored.
- Price action is bullish and looks like it could trade to new highs here. However, we look to have completed a 5-wave cycle on the 11/08, but price has held above the USD 7,810 support, keeping the futures in bull territory. If we make a new high, it suggests we are seeing either a 5th wave extension or a new cycle. The corrective pullback between the 11th – 18th Aug looks to have been shallow, suggesting wave extension rather than new cycle, the divergence would suggest caution on a bullish breakout. All eyes will now be on the USD for directional bias when Powell speaks later.

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,432	R1	2,477	RSI above 50	
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 (52)
- Stochastic is above 50
- Price is above the daily pivot point 2,432
- A consolidation day yesterday with price holding above the EMA resistance band (the averages have not yet crossed to be considered as a bullish band), the RSI is above 50 with price and momentum conflicting.
- A close on the 4-hour candle above USD 2,432 with the RSI at or above 54.5 will mean price and momentum are aligned to the buy side. Likewise, a close below this level with the RSI at or below 50.5 will mean it is aligned to the sell side. Upside moves that fail at or below USD 2,477 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Stimulus and an energy crisis are supporting the market; however, with the USD in focus before the Federal Reserve speech the futures have created a symmetrical pattern. This is a neutral pattern with directional bias coming from a breakout. Not the most reliable of patterns, you might want to wait for a confirmation close outside of the pattern, rather than on any initial breakout.
- Technically bearish with a neutral bias.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear	
S1	3,553	R1	3,585	RSI above 50	Stochastic overbought	
S2	3,450	R2				3,681
S3	3,413.5	R3				3,732

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (55)
- Stochastic is overbought
- Price is below the daily pivot point USD 3,553
- Like yesterday, the trend remains technically bearish, but we are seeing the futures move higher on the back of the consolidation breakout. Price is above the EMA support band with the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 3,553 with the RSI at or below 49.5 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.
- As previously highlighted, the breakout of the consolidation zone has meant that the futures are now trading in the Fibonacci resistance area. We continue to see USD 3,490 as the point of control (POC), making this a key level to follow, if broken, support levels will become vulnerable.

Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	21,741	R1	21,950		RSI below 50
S2	21,020	R2			
S3	20,616	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (48)
- Stochastic is below 50
- Price is above the daily pivot point USD 21,741
- Technically bullish with a neutral bias, unlike the rest of the base complex the futures traded to the downside on the open, to test buyside appetite. The futures held above the previous days low, resulting in a move above the opening value and a higher close on the day. Price is 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 21,741 with the RSI at or below 44.5 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 we target the USD 24,090 fractal resistance.
- Technically bullish with a neutral bias, upside moves that trade above USD 22,455, or a close above USD 22,415 will warn the USD 23,277 resistance could be tested.

Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	1,943	R1	1,961		RSI below 50
S2	1,935	R2			
S3	1,845	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (36)
- Stochastic is below 50
- Price is above the daily pivot point USD 1,982
- We noted yesterday that the upside moves looked to be countertrend, as the RSI had recently made a new low. Price traded up to the faster move EMA's (red band) before rolling over to the downside. The futures remain below the EMA resistance band with the RSI below 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle below USD 1,982 with the RSI at or below 33 will mean price and momentum are aligned to the sell side. Likewise, a close above this level will mean it is aligned to the buyside. Upside moves that fail at or below USD 2,123 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- The futures are rolling over and the technical is bearish. However, downside moves below USD 1,943 look like they will create a positive divergence with the RSI. This is not a buy signal, it is a warning of the potential for a momentum slowdown, a bullish support window between USD 1,935 and USD 1,985 would suggest caution on a downside move in the near-term. As highlighted yesterday, markets like to try and close gaps; however, with a potential divergence in play this would not be considered a technical sell at this point, suggesting if the gap is to be closed it could be at a later date.