

China

China's purchasing managers' index for the steel industry rose to 46.1 in August after a dismal reading of 33 in the prior month, according to the China Federation of Logistics and Purchasing on Wednesday.

Output increased to 47.4 from 26.1 in July, the biggest jump since Bloomberg started tracking the data in 2011, while new orders rose 17.2 points to 43.1. Still, most segments of the gauge stayed below 50, the mark that divides expansion and contraction. (Bloomberg).

Cu

Copper price prints the first daily gains in four as buyers cheer softer US dollar and the firmer China activity numbers during early Wednesday morning in Europe. The red metal's latest weakness could also be linked to the market's cautious optimism, as well as fears of more supply outages due to the covid-led lockdowns.

That said, the US Dollar Index (DXY) fades the previous day's corrective pullback as it drops to 108.60, down 0.20% by the press time. (FX Street)

Al

Aluminum staged a modest rebound following its worst slump since May as more European smelters curtailed production amid surging electricity costs.

Alcoa Corp. said it would cut output by a third at its plant in Norway as Russia's move to curb gas supply pushes up the cost of producing the energy-intensive metal. Around half of Europe's aluminum and zinc capacity has been lost in the past year, with curtailments likely to accelerate in the coming months.

The crisis in Europe, as well as a drought-driven power shortage in China and fears of a global recession, is exacerbating volatility in metals markets. Demand remains subdued in the Asian behemoth, with manufacturing activity contracting for a second month in August. Supply curtailments are easing, however, with Chinese smelters gradually restoring output. (Bloomberg).

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear	
S1	7,898	R1	7,919	Stochastic oversold	RSI below 50	
S2	7,752	R2				8,075
S3	7,602	R3				8,137

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (43)
- Stochastic is oversold
- Price is below the daily pivot point USD 7,898
- A strong downside move in the futures yesterday below the USD 7,995 support means the intraday technical is now bearish, price continued lower to trade below the USD 7,852 fractal, suggesting the bullish wave cycle that had been in play is now complete. Price is below the EMA support band with the RSI below 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle above USD 7,898 with the RSI at or above 51.5 will mean price and momentum are aligned to the buyside. Likewise, a close below this level will mean it is aligned to the sell side. Upside moves that fail at or below USD 8,153 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- The break in two key fractal levels means the intraday technical is now bearish; however the strength of the downside move has been fast, warning we could see a test to the upside today (moving higher in the Asian session) as the market looks to rebalance a little having been oversold yesterday.
- Technically bearish, the RSI is now sub 50 with its MA moving lower, the new low in the RSI would suggest that upside resistance levels should hold in the near-term if tested.

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,384	R1	2,434	Stochastic oversold	RSI below 50
S2	2,373	R2	2,449		
S3	2,358	R3	2,459		

Source Bloomberg

Synopsis - Intraday

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (46)
- Stochastic is oversold
- Price is above the daily pivot point 2,415
- The upside breakout from the symmetrical had previously failed making the pattern obsolete, resulting in the futures trading further to the downside. As noted yesterday, the RSI had rejected its resistance zone warning support levels could be vulnerable. Price is below the EMA resistance band (longer period EMA's are crossing to the downside) with the RSI below 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 2,415 with the RSI at or above 54.5 will mean price and momentum are aligned to the buy side. Upside moves that fail at or below USD 2,470 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, the futures, like copper have moved higher on the Asian open due to the overextension to the downside. The EMA bands remain unstable at this point, indicating any real directional bias. Downside moves below USD 2,373 will warn the USD 2,358 fractal support is vulnerable, if broken the daily technical is bearish based on price.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	3,450	R1	3,495	Stochastic oversold	RSI below 50
S2	3,413.5	R2			
S3	3,375	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (47)
- Stochastic is oversold
- Price is below the daily pivot point USD 3,497
- The futures traded to a low of USD 3,464 yesterday meaning price remains in the consolidation zone, the downside move failed to hold below the POC (point of control) at USD 3,490 and continues to trade around this level, suggesting the futures will likely see another rangebound day today. Price is below the EMA support 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 3,497 with the RSI at or above 52.5 will mean price and momentum are 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 futures are now trading in the consolidation with the EMA band remaining flat, indicating the trend is lacking directional bias. Price is trading around its value area within the consolidation zone implying the technical although bearish continues to have a neutral bias.

Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	21,020	R1	21,369		RSI below 50
S2	20,616	R2			
S3	18,230	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (44)
- Stochastic is below
- Price is above the daily pivot point USD 21,305
- With the futures rejecting the resistance band alongside weakness in the rest of the base sector we did see price come under pressure on the open. The futures did make a lower low meaning the intraday technical is now bearish. Price remains 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 21,369 with the RSI at or above 48 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 above USD 22,200 will create a higher high, meaning the futures are bullish based on price.
- Technically bearish, the futures have traded below but failed to close below the USD 21,020 support. If we do close on the 4-hour candle below this level it will further support a bearish intraday argument.

Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	1,986	R1	2,011.5		
S2	1,943	R2	2,047		RSI below 50
S3	1,848	R3	2,080		

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (46)
- Stochastic is above 50
- Price is below the daily pivot point USD 1,986
- Another day of random price movement in the futures confirming price is starting to consolidate below the EMA resistance band. The RSI is below 50 with price and momentum aligned to the buyside.
- A close on the 4-hour candle below USD 1,986 with the RSI at or below 41 will mean price and momentum are aligned to the sell side. 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.
- As noted yesterday, the futures had started to consolidate with price and momentum aligned to the buyside. The MA on the RSI is sloping higher suggesting support levels could hold in the near-term, warning resistance levels could be tested. Bearish, the consolidation means we have a bit of a neutral bias creeping in.