

## China

China's consumer and producer inflation slowed in August as sporadic lockdowns suppressed spending and commodity prices fell, giving policy makers enough room to support the troubled economy if needed.

The consumer price index rose 2.5% from a year earlier, the National Bureau of Statistics said Friday, down from 2.7% in July and weaker than the 2.8% median forecast in a Bloomberg survey of economists. Factory-gate inflation slowed to 2.3% from 4.2% in July, lower than the 3.2% predicted in the survey. (Bloomberg).

## Al

Aluminum extended its rebound from a 17-month low amid signs of supply tightness as base metals were buoyed by Chinese efforts to revive its troubled property sector.

At least 24 Chinese cities have allowed parents to fund their children's home purchases in an effort to boost housing demand, according to a report in the official Securities Daily. August inflation data that came in below estimates also suggested authorities would have room to deploy additional stimulus.

Some aluminum smelters in Yunnan province, which accounts for around an eighth of China's aluminum production, may start reducing operating rates by 20% to 30% this month amid a drought-induced shortage of hydropower, according to China Nonferrous Metals News. These latest potential output cuts come as plants in Europe shut due to surging electricity prices (Bloomberg).

# Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	7,823	R1	8,043	RSI above 50	Stochastic overbought
S2	7,783	R2	8,145		
S3	7,706	R3	8,318		

## Synopsis - Intraday

Source Bloomberg

- Price is above the EMA resistance band (Black EMA's)
- RSI is above 50 (60)
- Stochastic is overbought
- Price is above the daily pivot point USD 7,783
- Technically bearish yesterday with the EMA bands warning that the trend was not stable; however, the RSI low on the 02/09 suggested this upside move looked to be countertrend. The futures traded above the USD 7,960 fractal resistance, meaning the intraday futures are bullish based on a higher high. Price is above the EMA resistance band supported by the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 7,783 with the RSI at or below 46.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 7,706 will support a bull argument, below this level the technical will have a neutral bias.
- The intraday technical is bullish with price trading above the resistance band, the averages have not yet crossed to the buyside. On the daily chart the futures remain vulnerable below USD 8,043, and neutral above this level, the daily technical only becomes bullish above USD 8,318. We also note that the futures are now trading into the daily resistance band; however, this is flattening indicating a more neutral bias for the higher timeframe trend. Highlighted on the chart we can see that the futures are approaching the downside gap that formed on the 30/08 (USD 8,007 – USD 8,129), markets do like to close gaps, but this area is also a resistance zone.
- The intraday technical is bullish, with momentum to the buyside; however, using our wave analysis I am struggling to see the traditional bullish impulse signals at this point. The daily resistance and the bearish gap would suggest caution, as this market needs to do more to convince it is truly bull.

# Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,301	R1	2,340	RSI above 50	Stochastic overbought
S2	2,288	R2	2,374		
S3	2,270	R3	2,419		

Source Bloomberg

## Synopsis - Intraday

- Price is between the EMA resistance band (Black EMA's)
- RSI is above 50 (51)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,267
- Technically bearish yesterday with lower timeframe indicators warning that upside resistance levels could be tested. We have seen a strong upside move in the futures on the open (China inflation slowdown boosts stimulation hopes) resulting in the futures trading above the USD 2,329 fractal resistance, the intraday futures are now bullish based on the higher high. Price is trading in the EMA resistance band with the RSI above 50, intraday price and momentum are aligned to the buy side.
- A close on the 4-hour candle below USD 2,267 with the RSI at or below 36.5 will mean price and momentum are aligned to the sell side. Key support is above the daily pivot point, downside moves that hold at or above USD 2,270 will support a bull argument, below this level the technical will have a neutral bias.
- The intraday technical is bullish based on price with the futures trading in the resistance band, the RSI is at 52 with the stochastic in overbought territory, if the RSI moves below 50 then momentum will become vulnerable to a test to the downside. We are bullish but remain cautious at this point, we highlighted yesterday that upside moves that fail at or below USD 2,419 will warn that there is potentially a larger bear cycle in play suggesting this technical although potentially transitioning remains vulnerable.

# Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	3,147	R1	3,255	RSI above 50	
S2	3,123	R2			
S3	3,092	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is between the EMA resistance band (Black EMA's)
- RSI is above 50 (50.5)
- Stochastic is above 50
- Price is above the daily pivot point USD 3,147
- A cautious bear yesterday as the intraday wave cycle was warning that if we had not completed this phase of the cycle, it soon could. The futures have moved higher on the open with price trading above the USD 3,239.5 fractal resistance. Price is in the EMA resistance band with the RSI neutral at 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 3,147 with the RSI at or below 35 will mean price and momentum are aligned to the sell. Upside moves that fail at or below USD 3,443 will warn that there is potentially a longer-term bear cycle in play, above this level the futures will target the USD 3,623.5 fractal high.
- Bullish based on price the futures are now testing the EMA resistance band as well as the resistance highlighted on the chart (red box). The RSI is near neutral with the stochastic in overbought territory, if the RSI moves below 50 then momentum is vulnerable to a technical pullback.
- The intraday is technically bullish based on price but now testing a resistance area, if we do trade below the USD 3,093.5 level it will have bearish implications going forward, suggesting there is a larger bear cycle in play.

# Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	22,022	R1	22,940	RSI above 50	Stochastic overbought
S2	22,005	R2			
S3	21,737	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is above the EMA resistance band (Black EMA's)
- RSI is above 50 (63)
- Stochastic is overbought
- Price is above the daily pivot point USD 21,693
- There were just too many variables in this technical yesterday, price was trading into a resistance zone with momentum 3 warning we were potentially vulnerable to a downside move. However, the futures also had a bullish inverse head and shoulders pattern in play, warning of the potential for an upside move. Due to the technical disparities, we noted this was one to avoid. The H&S pattern has one the day, resulting in the futures moving higher. Price is above the EMA resistance band supported by the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 21,693 with the RSI at or below 50.5 will mean price and momentum are aligned to the sell side. Key resistance is above the daily pivot level, downside moves that hold at or above 21,713 will support a bull argument, below this level the technical will have a neutral bias.
- The intraday technical is now bullish, but really needs to hold above the resistance zone we highlighted yesterday. Upside moves above USD 24,090 and USD 24,345 will further support a buyer's argument as the daily EMA's at this point remain flat, indicating the futures although bullish are not yet in trend.

# Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	1,875	R1	1,899.5		RSI below 50
S2	1,844	R2			
S3	1,798	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (43)
- Stochastic is above 50
- Price is above the daily pivot point USD 1,898
- From a technical perspective there has been little change. The futures continue to test 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 1,898 with the RSI at or below 40.5 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 1,969 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 are rejecting the EMA resistance band, warning price and momentum could soon align to the sell side, leaving the USD 1,875 low vulnerable. Downside moves below this level will create a positive divergence with the RSI and need to be monitored. (unchanged)