

China

Trading desks across China have become inundated with unverified talk of a shift in Xi Jinping's Covid Zero policy, sparking an epic rally in stocks and underscoring just how desperate investors have become for signs that the country's \$6 trillion market rout is ending.

Multiple screen shots purporting to show the world's second-largest economy is moving closer to a reopening have been circulating on Twitter, WeChat and other social media platforms since late Monday.

While none of them have been confirmed -- and all outward signs from Chinese officialdom are that the Covid Zero policy remains intact -- investors have propelled the Hang Seng China Enterprises Index to an 8.4% two-day gain in Hong Kong, paring its slide since February 2021 to 56%. Trading volumes have soared, and the Chinese yuan has strengthened from a 15-year low against the dollar. (Bloomberg).

Metals

Copper rose with iron ore as commodities tracked brighter sentiment in Chinese markets ahead of the Federal Reserve's meeting later on Wednesday.

A more positive mood on China's economy held into a second day after one of the country's vaccine makers said more cities were adopting its inhaled product. That follows a Tuesday rally triggered by unconfirmed speculation that Beijing will start considering how to ease stringent Covid Zero rules.

Read more: [China Stock Rally Extends to Second Day on Reopening Speculation](#)

Investors are waiting for the Fed's latest guidance on the US economy and inflation, with the central bank expected to raise interest rates by another 75 basis points at its policy gathering. The dollar softened for a second day, helping commodities priced in the currency.

Metals are coming off seven straight months of losses when they were under pressure from global monetary tightening and fears that China's economy will fail to make a robust recovery. BHP Group, the world's biggest miner, delivered a cautious take on the world economy in the latest remarks from a senior executive.

Copper gained 0.8% to \$7,710 a ton by 11:40 a.m. Shanghai time, while aluminum and zinc also rose. Iron ore jumped as much as 3.1% from its lowest close since February 2020 to surface above \$80 a ton (Bloomberg).

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	7,602	R1	7,800	RSI above 50	Stochastic overbought
S2	7,569	R2	7,879		
S3	7,521	R3	8,153		

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (56)
- Stochastic is overbought
- Price is above the daily pivot point USD 7,602
- Technically bearish yesterday with resistance levels looking vulnerable, the futures traded above the USD 7,670 resistance meaning the technical although bearish has a neutral bias. 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 7,602 with the RSI at or below 47 will mean price and momentum are aligned to the sell side. downside moves that hold at or above USD 7,521 will support a near-term bull argument, below this level we target the USD 7,420 fractal low. Only above USD 7,800 is the technical bullish.
- Bearish with a neutral bias, the upside move is on the back or reports the China could be looking to ease COVID zero restrictions. At this point the market looks to be buying the rumour in the metals complex and could potentially be going risk on. However, from a technical perspective the intraday is bearish/neutral with daily price action remaining in a consolidation phase within its EMA resistance band. We will need to see more from a technical perspective as dual timeframe EMA bands remain flat.

Aluminium Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,250	RSI above 50	Stochastic overbought
S2	R2			
S3	R3			

Source Bloomberg

Synopsis - Intraday

- Price is above the EMA resistance band (Black EMA's)
- RSI is above 50 (51)
- Stochastic is overbought
- Price is on the daily pivot point USD 2,250
- Technically bullish with a neutral bias yesterday, if the RSI moved above 50, we could see resistance levels come under pressure. The RSI did move above 50 resulting in the futures trading into the Fibonacci resistance zone. We remain above the EMA resistance band with the RSI just above 50 (51), intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 2,250 with the RSI at or below 47 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 2,290 will leave the futures vulnerable to further tests to the downside, above this level we target the USD 2,343.50 fractal resistance.
- The intraday technical is neutral bullish with price trading in what is potentially a large bull flag; however, the futures will need to close above and hold above the USD 2,343.5 fractal resistance to signal upside continuation. At this point we have a near-neutral RSI with an overbought stochastic, if the RSI moves below 50, momentum will suggest that intraday support levels are vulnerable.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,736	R1	2,795		RSI below 50
S2	2,662	R2	2,838		
S3	2,525	R3	2,895		

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (39)
- Stochastic is below 50
- Price is above the daily pivot point USD 2,736
- We have been a cautious bear for the last two sessions as the intraday wave count suggest the current upside move could be countertrend; however, the daily technical is showing a positive divergence with the RSI, warning sell side momentum could be slowing. Price has followed the rest of the base complex higher yesterday, but the futures remain below the EMA resistance band (and Fibonacci resistance zone) supported by the RSI below 50, intraday price and momentum is now aligned to the buyside.
- A close on the 4-hour candle below USD 2,736 with the RSI at or below 30 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 2,895 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish with the current intraday upside move looking like it could be countertrend, we remain a cautious bear.

Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	23,206	R1	24,081	RSI above 50	Stochastic overbought
S2	22,991	R2	24,681		
S3	22,745	R3	25,700		

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (60)
- Stochastic is overbought
- Price is above the daily pivot point USD 23,206
- Technically bearish with a neutral bias yesterday due to price being in consolidation. The futures moved aggressively higher on the back of reports that China could be about to ease their COVID zero restrictions. Price is above the EMA support band (this has now crossed to the buy side) supported by the RSI above 50, intraday price and momentum are aligned to the buy side.
- A close on the 4-hour candle below USD 23,206 with the RSI at or below 48.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 22,410 will leave the futures vulnerable to further tests to upside, below this level we target the USD 21,700 fractal low.
- The longer-term technical remains bearish as highlighted by the red box, this is the last dominant bear wave. Upside moves that fail at or below USD 24,081 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. Only above USD 25,700 is the technical bullish.
- A bearish technical with key resistance at USD 24,081. However, the break in the longer-term consolidation does have near-term bullish implications going forward, as consolidation breaks often target a 100% projection, meaning there is a higher probability of the USD 24,081 resistance being broken, as the breakout projection level is at USD 25,382.

Lead Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	1,977	1,980	RSI above 50	
S2	1,949			
S3	1,928			
	R1	2,016		
	R2	2,037		
	R3	2,058		

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (56)
- Stochastic is above 50
- Price is above the daily pivot point USD 1,977
- Technically bullish but with a note of caution due to the previous wave failure, the futures moved higher alongside the rest of the base complex. 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 1,977 with the RSI at or below 54.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 1,900 will support a bull argument, below this level the technical will have a neutral bias.
- The technical view itself has not changed. However, if reports that China is above to ease the COVID zero restrictions is true, then our reservations regarding the previous wave failure should probably be ignored, as wave analysis is based on market psychology, which will clearly have changed on restriction easing.