

China

China's offshore yuan slumped, paring its surge from the previous session, as traders grew less hopeful of a relaxation of the Covid Zero policy and the central bank dialed back its support for the currency via fixings.

The currency slid as much as 1% to 7.2596 per dollar, while the onshore unit lost 0.8%. The yuan pared sharp gains from Friday after health officials reaffirmed their adherence to a strict Covid policy over the weekend.

Moreover, the People's Bank of China set its daily fixing for the currency at a slightly weaker-than-expected level. Before Monday, the reference rate had been stronger than the forecasts for 47 straight sessions. (Bloomberg).

Metals

Industrial metals from copper to iron ore fell after China affirmed its Covid-Zero policy stance, damping hopes of a relaxation that spurred last week's risk rally.

Aluminum dropped as much as 3.1%, leading declines on the London Metal Exchange, after officials on Saturday vowed to "unswervingly" adhere to stamping out virus outbreaks. There had been widespread speculation last week that China was preparing to roll back the policy that had helped drive commodities and stocks higher.

Base metals have for months been impacted by the soaring dollar and growing global economic gloom. The strengthening greenback on Monday also made commodities priced in the currency more expensive.

Copper prices are falling to correct over-optimism around China's potential reopening, Jinrui Futures Co. said in a note. Still, the pullback may be short-lived as the officials on Saturday also indicated that some "excessive" restrictions may be scaled back, it added.

The unexpected drop in China's exports and imports data on Monday also damped the demand outlook in the top metals-consuming country. The country's unwrought copper imports, one of the few commodities to sustain demand growth this year, weakened along with inbound shipments of copper ore.

Copper fell 1.5% to \$7,980.50 a ton on the LME as of 7:39 a.m. local time, while tin dropped 1.8%. The declines came after the LMEEX Metals Index, which tracks six key base metals, surged 6.1% last week -- the most in eight months (Bloomberg).

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	7,930	R1	8,181	RSI above 50	Stochastic overbought
S2	7,880	R2	8,296		
S3	7,800	R3	8,441		

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (64)
- Stochastic is overbought
- Price is above the daily pivot point USD 7,930
- Bearish neutral on Friday we noted that the futures had formed a symmetrical triangle with price testing the upper trend resistance, meaning directional bias would come from the pattern breakout. The futures broke to the upside with price trading to a high of USD 8,140. Price is above all key moving averages 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 7,930 with the RSI at or below 45.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 7,691 will support a bull argument, below this level the technical will have a neutral bias. Only below USD 7,460 will the technical be bearish.
- A strong upside move on a breakout from the symmetrical triangle means the intraday technical is now bullish, Fibonacci price projection would suggest we have a potential near-term upside target at USD 8,296.

Aluminium Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,309.5	RSI above 50	Stochastic overbought
S2	R2			
S3	R3			

Source Bloomberg

Synopsis - Intraday

- 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 2,326
- Technically bullish on Friday with flat and compressed EMA's indicating a lack of directional bias in the market. The futures moved higher with price closing above the high of the upper resistance line of the bull flag; however, a downside move on the Asian open means price is now trading back below the trend resistance, this is not a clean break and will need further confirmation that this upside move is not a false breakout. Price is above the EMA support band with the RSI above 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle below USD 2,326 with the RSI at or below 53 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. Downside moves that hold at or above USD 2,267 will support a bull argument, below this level the technical will have a neutral bias.
- The technical is bullish but the flag breakout is not clean, Upside moves that close above and hold above USD 2,315 will warn that resistance levels could be tested. Failure to hold above the upper trend resistance will warn that the longer-term trend could continue to consolidate, and potentially move lower.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,829	R1	2,843.5	RSI above 50	Stochastic overbought
S2	2,812	R2			
S3	2,782	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA resistance band (Black EMA's)
- RSI is below 50 (54)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,829
- Technically bullish on Friday with the futures moving higher on the back of a positive divergence, suggesting the EMA resistance band could come under pressure, downside moves were not considered a technical sell. The futures continued to move higher with price trading above the EMA resistance band. The futures are above 50 with price and momentum aligned to the buyside.
- A close on the 4-hour candle below USD 2,829 with the RSI at or below 44 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 2,740 will support a bull argument, below this level the technical has a neutral bias.
- Technically bullish supported by the RSI above 50, we now target the USD 3,019 fractal resistance.

Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	23,690	R1	24,300	RSI above 50	
S2	22,584	R2	24,681		
S3	22,256	R3	25,382		

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (58)
- Stochastic is above 50
- Price is above the daily pivot point USD 23,690
- We noted on Friday that the futures were nearing the previous consolidation zone that had the potential to act as a support zone, warning of a classic technical trap where market sellers look to test support before entering from the buyside. We opened supported, meaning Thursday's low was not tested, resulting in price moving higher on Friday. Price is above the EMA support zone with the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 23,690 with the RSI at or below 48.5 will mean price and momentum are aligned to sell side. Key support remains unchanged at USD 22,584; downside moves that hold at or above this level (this support has held) will support a near-term bull argument, below this level we target the USD 21,700 fractal support.
- The technical is bearish/neutral as price remains below the USD 25,700 resistance. However, the support zone has held, upside moves above USD 24,300 will target the USD 25,382 100% Fibonacci projection level that has previously been highlighted.

Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,007	R1	2,025	RSI above 50	Stochastic overbought
S2	1,994	R2			
S3	1,979	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (59)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,007
- Technically bullish on the intraday, we maintained a cautious view due to previous wave failure. Having moved higher for most of Friday's session the futures came under pressure into the close with price closing the day on its low. The EMA support band has been tested on the open but continues to hold with the futures moving higher on the Asian open. The RSI is above 50 with price and momentum aligned to the buyside.
- A close on the 4-hour candle below USD 2,007 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 1,979 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish on the intraday, our view remains unchanged, we remain cautious due to the previous upside wave failure.