

China

China's economic activity slumped in November and could drop further in coming weeks as Covid outbreaks spread across the country and protests against tighter virus restrictions escalate.

Bloomberg's aggregate index of eight early indicators showed a likely contraction in activity in November from an already subdued pace in October. With Covid cases spreading rapidly in each of China's provinces now and major cities like Guangzhou, Beijing and Zhengzhou imposing new restrictions to limit residents' movements, the outlook remains grim.

Economists at Goldman Sachs Group Inc., Macquarie Group and Hang Seng Bank say chances are rising of more disruption to growth as authorities struggle to minimize Covid infections and deaths while gradually easing restrictions. Demonstrations erupted in cities like Beijing and Shanghai over the weekend as residents vented anger against the virus controls. (Bloomberg).

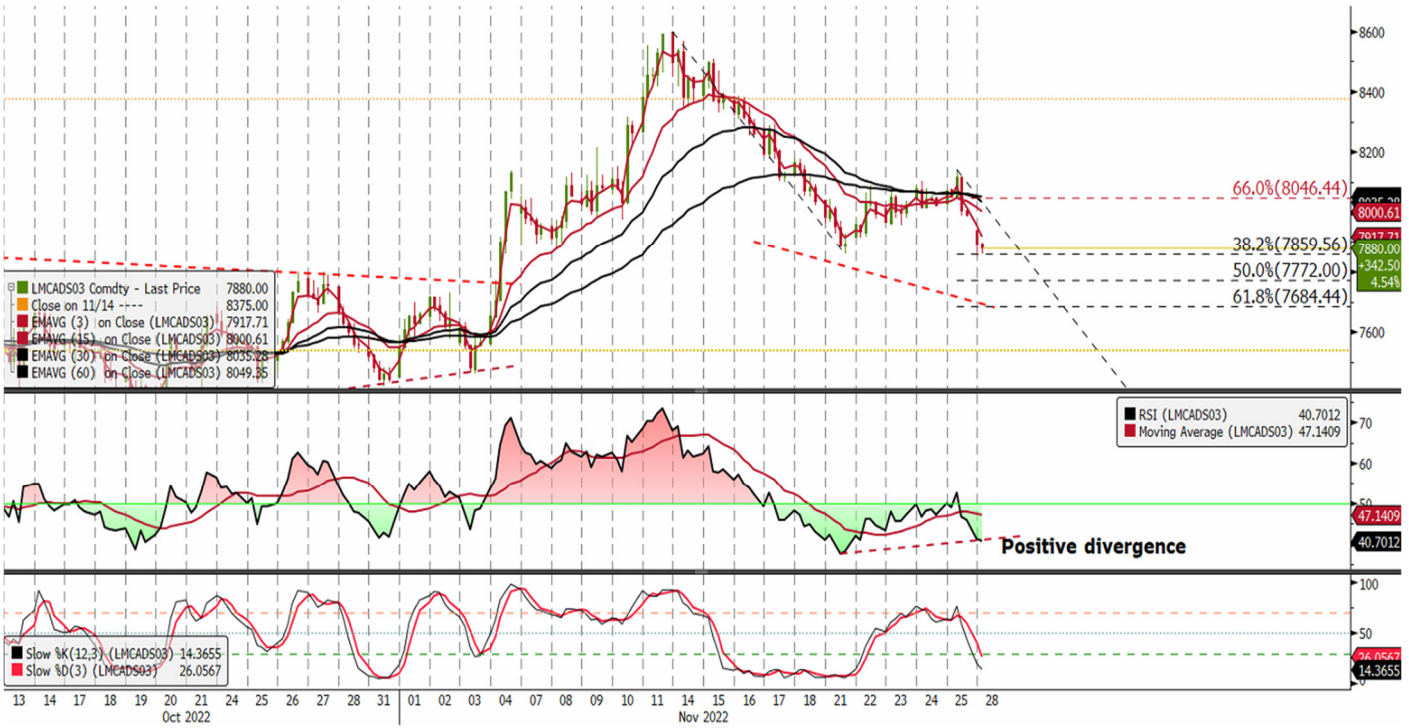
Commodities

Commodities from oil to copper and iron ore may face considerable headwinds from the unrest that's rippling across China's cities. In early trading on Monday, all three of the raw material heavyweights are lower, with the steel-making staple the biggest loser.

At this juncture, the severity of the selling pressure hinges on the response from the authorities -- whether they'll hold the line on Covid Zero or yield at the margin. Headlines from China will likely make for a volatile week.

For oil, the crisis adds a further layer of uncertainty to what was a fiendishly complex set of drivers: the EU is wrangling over the price cap on Russian crude; Moscow is threatening pushback; and OPEC+ will make production decisions for early 2023 later this week (Bloomberg).

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	7,859	R1	7,967	Stochastic oversold	RSI below 50
S2	7,772	R2	8,001		
S3	7,684	R3	8,039		

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (40)
- Stochastic is oversold
- Price is below the daily pivot point USD 8,047
- Technically bearish but with price and momentum to the buyside on Friday, there were signs that momentum could weaken. We did see a move to the downside resulting in price and momentum becoming aligned to the sell side into the close on Friday. Price is below all key moving averages supported by the RSI below 50, intraday price and momentum remain aligned to the sell side having moved lower on the open.
- A close on the 4-hour candle above USD 8,039 with the RSI at or above 49.5 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 8,046 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. Only above USD 8,143 is the technical bullish.
- Technically bearish with price moving lower on the back of social unrest alongside a bleak economic outlook in China. The new low has created a positive divergence with the RSI, not a buy signal it is a warning that we have the potential to see a momentum slowdown and will need to be monitored.

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,342	R1	2,369	2,348	Stochastic oversold
S2	2,314	R2	2,375		
S3	2,268	R3	2,395.5		
					RSI below 50

Source Bloomberg

Synopsis - Intraday

- 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 2,369
- A close on the 4-hour candle below USD 2,390 on Thursday had warned that the USD 2,355 fractal support was vulnerable, resulting in the futures moving lower. Light buying support on Friday's open failed to hold, meaning the Fractal support has been tested and broken. 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 2,369 with the RSI at or above 50 will mean price and momentum are aligned to the buy side. Upside moves that fail at or below USD 2,375 will leave the futures vulnerable to further tests to the downside, above this level we target the USD 2,395.5 fractal resistance.
- The downside move on the open is now deep into the last dominant bull wave (10-14 of Nov), meaning the technical although still bullish now has a neutral bias. If the USD 2,375 resistance is tested and holds it will warn that we could see further weakness. However, if we close above USD 2,387 on the 4-hour candle, or trade above USD 2,395.5 then market buyers will look to test the USD 2,440/41 double top again.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,877	R1	2,928		RSI below 50
S2	2,793	R2	2,943		
S3	2,787	R3	2,965		

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (43.8)
- Stochastic is at 50
- Price is below the daily pivot point USD 2,928
- Bullish with a neutral bias on Friday with price moving higher within the consolidation zone, we needed to see more to the upside to convince that the technical was improving. The intraday upside move has failed to hold with price testing the base of the support zone on the open. Price is below all key moving averages supported by the RSI below 50, intraday price and momentum are conflicting, as there is not yet a clean break between the RSI at its MA.
- A close on the 4-hour candle below USD 2,928 with the RSI at or below 43.5 (Previous 4-hour close the RSI was at 43.8) will mean price and momentum are aligned to the sell side. Likewise, a close above this level with the RSI at or above 48 will mean it is aligned to the buy side.
- Price remains in the consolidation zone meaning we have a neutral bias. Price and momentum are conflicting, but this is marginal, a small move lower and close on the 4-hour candle will mean it is aligned to the sell side. We need a directional bias here, until we do we remain neutral.

Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	24,723	R1	25,753		RSI below 50
S2	23,900	R2	26,717		
S3	23,015	R3	27,587		

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (47)
- Stochastic is above 50
- Price is below the daily pivot point USD 25,753
- Technically bullish with a neutral bias, the flat EMA's would suggest the futures are lacking in directional bias. Price has moved lower putting the RSI below 50 and price below the EMA support band, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 25,753 with the RSI at or above 53 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 28,767 will leave the futures vulnerable to further tests to the downside, above this level we target the USD 31,275 high.
- Technically bullish with a neutral bias, the close on the 4-hour candle below USD 25,800 on Friday is warning that sell side momentum is starting to weaken, warning the USD 24,723 and USD 23,900 support levels are looking vulnerable.

Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,084	R1	2,113.50		RSI below 50
S2	2,040	R2			
S3	2,005	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (48)
- Stochastic is below 50
- Price is below the daily pivot point USD 2,124
- Technically bullish but consolidating last week the futures have seen a small move to the downside but remain above key support levels. 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 2,124 with the RSI at or above 52.5 will mean price and momentum are aligned to the buy side. Downside moves that hold at or above USD 2,040 will support a bull argument, below this level the technical will have a neutral bias; Likewise, upside moves that fail at or below USD 2,157 will leave the futures vulnerable to further tests to the downside, above this level we target the USD 2,189 and USD 2,223 resistance.
- Technically bullish the futures remain in a corrective phase, a close on the 4-hour candle above USD 2,133.5 will imply that buy side momentum is improving, suggesting resistance levels could come under pressure.