

China

Chinese stocks rally and yuan strengthens past 7/USD for the first time since September after Shanghai joins other mainland cities in loosening Covid rules. The CSI 300 index rises 1.7%, Hang Seng soars 3.4% and H shares jump 3.7%. The dollar falls against most FX majors: Aussie tops G-10 leaderboard as iron ore rallies. The yen consolidates around 134.30/USD. Most Asian EM currencies track yuan higher. S&P futures and Nasdaq contracts are marginally softer. Treasury 10-year yield rises 5 basis points to 3.53%. Aussie curve bull flattens modestly; JGB futures drift slightly lower. WTI crude futures pare early strength but remain in the green amid China optimism and as OPEC+ keeps oil output unchanged; gold jumps more than \$10 to \$1,808. (Bloomberg).

Copper

Iron ore rose along with industrial metals on bets that China's moves to ease strict virus curbs will spur a demand recovery that will gather momentum into 2023.

Chinese markets opened Monday in a bullish mood after authorities relaxed restrictions across the country and officials signaled a shift away from Covid Zero. That's on top of recent government measures to revive the beleaguered property sector that are generating optimism around the steel-making ingredient.

"Rising expectations of a shift in China's zero-covid strategy saw commodity markets rally across the board," Australia & New Zealand Banking Group Ltd. analysts led by Brian Martin said in a note.

Beijing's tough approach to curbing the virus and a prolonged crunch in construction have pushed iron ore prices down by more than a third from a peak in March. They've staged a rebound in recent weeks, however, jumping more than 40% from an Oct. 31 low.

Iron ore rose 2.3% to \$108.30 a ton as of 11:17 a.m. in Singapore. Futures in Dalian were up 1.5%, while rebar and hot-rolled coil advanced in Shanghai.

Base metals climbed on the London Metal Exchange. **Copper** was up 1.2% and **aluminum** rose 0.9% after an LME gauge of six contracts finished last week at the highest level since June. (Bloomberg).

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	8,395	R1	8,504	RSI above 50	Stochastic overbought
S2	8,346	R2			
S3	8,282	R3			

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 8,395
- Technically bullish on the last report we were mindful of a potential negative divergence with the RSI above USD 8,408. The futures traded to a higher of USD 8,418, pulled back to 8,255.5, before resuming its upside move. Price is above all key moving averages supported by the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 8,395 with the RSI at or below 60 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 8,194 will support a bull argument, below this level the technical will have a neutral bias.
- We remain technically bullish with a potential upside target between USD 8,600 – USD 8,606. However, the lower time frame RSI remains in divergence, suggesting caution going forward, as buyside momentum looks to be weakening.

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,520	R1	2,594	RSI above 50	Stochastic overbought
S2	2,505	R2	2,634		
S3	2,483	R3	2,685		

Source Bloomberg

Synopsis - Intraday

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (65)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,519
- Technically bullish on Friday, we had a note of caution above USD 2,527 as it had the potential to create a negative divergence with the RSI, the futures have traded to new highs with the RSI continuing to show a marginal divergence. 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 2,519 with the RSI at or below 60 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 2,483 will support a bull argument, below this level the technical will have a neutral bias. Only below USD 2,445.5 is the intraday technical bearish.
- We are bullish and in trend with a marginal divergence in play; however, on the 60-min chart the divergence is more prominent, suggesting caution going forward as we could see the futures enter a corrective phase soon.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	3,097	R1	3,137	RSI above 50	Stochastic overbought
S2	3,072	R2	3,164		
S3	3,064	R3	3,201		

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (64)
- Stochastic overbought
- Price is above the daily pivot point USD 3,072
- Technically bullish last week with downside moves considered as countertrend. We did have an intraday pullback on Friday before moving to new highs. Price is above all key moving averages supported by the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 3,072 with the RSI at or below 61.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 3,064 will support a bull argument, below this level the technical will have a neutral bias. Only below USD 3,025 will the intraday technical be bearish.
- Like Cu and Al, the trend remains bullish; however, another lower timeframe divergence with the RSI is suggesting caution going forward at this point. It could be that these moves to the upside will be part of a more sustained move in the longer-term, but in the near-term we are vulnerable to a technical pullback.

Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	28,319	R1	28,767	RSI above 50	Stochastic overbought
S2	27,155	R2	29,696		
S3	25,865	R3	31,257		

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (63)
- Stochastic is overbought
- Price is above the daily pivot point USD 28,319
- The upside move in the futures on Friday means the USD 28,767 resistance level was breached, indicating the technical no longer has a neutral bias. Price is above all key moving averages supported by the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 28,319 with the RSI at or below 55.5 will mean price and momentum are aligned to the sell side. Downside moves below USD 27,155 will break fractal support, warning the USD 25,865 and USD 25,000 support levels are vulnerable.
- Key resistance has been breached implying the technical should in theory look to test the USD 29, 696 and USD 31,275 resistance levels. However, we should note, if we look at the upside price movement since the 18/11 it was weak in price movement and has taken longer in time than the previous bull move. This does imply market buyers should remain cautious as this upside moves remains unconvincing.

Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,211	R1	2,264	RSI above 50	Stochastic overbought
S2	2,193	R2	2,320		
S3	2,190	R3	2,264		

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (69)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,193
- Technically bullish but in a corrective phase on Friday, if price and momentum became aligned to the buy side we would target the USD 2,205.5 and USD 2,223 resistance levels. Price traded to a new high with the futures 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 2,193 with the RSI at or below 61.5 will mean price and momentum are aligned to the sell side. corrective moves lower that hold at or above USD 2,190 will support a bull argument, below this level the technical will have a neutral bias. Only below USD 2,164.5 is the intraday technical bearish.
- Technically bullish with key support at USD 2,190. We do have a longer-term divergence in play warning we could see a momentum slowdown; however, lower timeframe wave analysis would suggest we still have room for one more test to the upside within this phase of the cycle.