

China

Morgan Stanley, Goldman Sachs and other international investment giants are increasing their holdings of Chinese equities as the country relaxes its epidemic prevention policies, more real estate support measures are rolled out and the US dollar shows signs of weakening.

Morgan Stanley raised its weighting in the mainland bourses to 'Overweight' from 'Equal-weight' on Dec. 4, Yicai Global has learned. Goldman Sachs and JPMorgan Chase are also advising investors to do the same. (Bloomberg).

Copper

Copper fell, pressured by a stronger dollar after fresh US data increased the possibility of more aggressive interest-rate hikes by the Federal Reserve.

Growth at US service providers unexpectedly accelerated in November as a measure of business activity jumped by the most since March 2021, suggesting the largest part of the US economy remains resilient. The stronger-than-expected Institute for Supply Management data may give the Fed more leeway to raise rates in its fight against inflation.. (Bloomberg).

AI

The US and European Union are weighing new tariffs on Chinese steel and aluminum as part of a bid to fight carbon emissions and global overcapacity, according to people familiar with the matter.

The move would mark a novel approach, as the US and EU would seek to use tariffs -- usually employed in trade disputes -- to further their climate agenda.

The idea, generated within President Joe Biden's administration, is still in an initial phase and hasn't been formally proposed, according to the people, who asked not to be identified as the discussions aren't public. An agreement with the EU, including specifics on how to identify thresholds for applying tariffs, isn't likely until late next year at the earliest, one of the people said, adding that even that timeline was optimistic. (Bloomberg)

Copper Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	8,389	RSI above 50	
S2	R2			
S3	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (57)
- Stochastic is at 50
- Price is below the daily pivot point USD 8,419
- Technically bullish yesterday but with a note of caution as buyside momentum looked to be weakening due to a negative divergence with the RSI on a lower timeframe. The futures have moved lower with price testing the Fibonacci support zone, and trend support. Price is above the EMA support band with the RSI above 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 8,419 with the RSI at or above 64 will mean price and momentum are aligned to the buyside. 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.
- Technically we remain bullish with price holding trend support, a close on the 4-hour candle below the trend line (USD 8,373) will leave the USD 8,194 support vulnerable. If support holds and we move higher then we target the USD 8,600-USD 8,606 resistance zone. A new high will create a negative divergence (on this timeframe), suggesting caution on bullish breakouts.

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,488	R1	2,494.5	RSI above 50	
S2	2,472	R2			
S3	2,445	R3			

Source Bloomberg

Synopsis - Intraday

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (53)
- Stochastic is above 50
- Price is below the daily pivot point USD 2,503
- Like copper we had a bullish view yesterday but with a note of caution due to the divergence in play on the 60-min chart (note: the marginal 4-hour divergence did fail), resulting in a technical pullback. Price is above the EMA support band with the RSI above 50, intraday price and momentum are conflicting as the previous 4-hour close was above the daily pivot point.
- A close on the 4-hour candle below USD 2,503 with the RSI at or below USD 63.5 will mean price and momentum are aligned to the sell side (this is in play but needs confirmation). Likewise, a close above this level with the RSI at or above 68 will mean it is aligned to the buy side. The downside move is now deep, meaning the technical although bullish now has a neutral bias. Upside moves that fail at or below USD 2,544 will leave the futures vulnerable to further tests to the downside, above this level we target the USD 2,577 high.
- Technically bullish but with a neutral bias, the futures remain in a corrective phase with support levels looking vulnerable. Downside moves below USD 2,445 will create a new intraday low, at this point the intraday technical will be bearish. However, downside moves that hold at or above USD 2,419 will warn that there is the potential for the futures to enter a larger bullish wave cycle, this will need to be monitored as it could be key to the longer-term trend.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	3,097	R1	3,127	RSI above 50	
S2	3,083	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 (63)
- Stochastic is above 50
- Price is below the daily pivot point USD 3,127
- We had a trio of divergences on the lower timeframe technically yesterday warning the futures were vulnerable to a pullback. Like Cu and Al, we did see the futures move lower yesterday with price testing but holding above the Fibonacci support zone. Price is above all key moving averages supported by the RSI above 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 3,127 with the RSI at or above 65 will mean price and momentum are aligned to the buyside. 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.
- Technically we are bullish but in a corrective phase. The upside move traded up to the 61.8% projection level (Elliott wave target), suggesting we may have seen cycle/phase completion, warning support levels remain vulnerable.

Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	28,500	R1	28,680	RSI above 50	Stochastic overbought
S2	27,155	R2			
S3	26,478	R3			

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 28,500
- The upside move above USD 28,767 had previously indicated that the futures were trading back in bullish territory; however, we remained cautious as the move is greater in time but less in price than the previous upside move, suggesting buyside momentum looked weak. The futures traded around the resistance level yesterday with price effectively moving sideways. The futures are 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 28,500 with the RSI at or below 58 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 26,478 will support a bull argument, below this level the technical will have a neutral bias.
- We remain technically bullish but continue to have reservations regarding the strength of this upside move.

Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,211	R1	2,219	RSI above 50	Stochastic overbought
S2	2,202	R2			
S3	2,190	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (61)
- Stochastic is overbought
- Price is below the daily pivot point USD 2,226
- Technically bullish yesterday with lower timeframe wave analysis suggested we still have the potential for one more move to the upside. The futures moved sideways yesterday with price moving slightly lower this morning. Price is above the EMA support band with the RSI above 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 2,226 with the RSI at or above 65.5 will mean price and momentum are aligned to the buy 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 and in a corrective phase, we maintain our view that downside moves should be considered as countertrend at this point.