

China

China's central bank reiterated it will implement monetary policy that's targeted and "forceful" this year to help support the economy, while the State Council warned of price risks in coming weeks.

The People's Bank of China said it will "comprehensively use multiple monetary policy tools, and keep liquidity reasonably ample," according to a statement Wednesday following the PBOC's annual work conference.

The comments were largely a repeat of the central bank's recent policy stance. Economists expect the PBOC to keep monetary policy loose for at least the next few months, with the economy still suffering disruption from widespread virus infections following the nation's abrupt exit from its Covid Zero stance. (Bloomberg).

Al

Aluminum futures in Shanghai have opened 2023 with a slump of about 5% as China's virus woes hit demand in the world's biggest market, while inventories surge.

While the abrupt abandonment of Covid Zero policies has brightened the outlook for commodities demand in China later this year, a vicious virus wave is set to batter factory activity through the first quarter. That's bad news for aluminum, which dropped about 8% last year in Shanghai. (Bloomberg)

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	8,173	R1	8,288	Stochastic oversold	RSI below 50
S2	8,114	R2	8,320		
S3	8,042	R3	8,345		

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (44)
- Stochastic is oversold
- Price is above the daily pivot point USD 8,276
- Technically bullish with a neutral bias yesterday due to the depth of the pullback, a flat EMA support band indicated a lack of trend in the market. We noted that the daily trend remained bullish above USD 8,114 and neutral below with key intraday support at USD 8,257, if broken then daily support levels could come under pressure (USD 8,239, USD 8,114, and USD 8,016). With support levels looking vulnerable in the morning tech the futures moved lower into bearish territory; however, in the close report we suggested a note of caution as the futures were trading in the daily EMA support band, a natural area of support. The futures have based on the Asian open having initially moved lower. Price is below the EMA resistance band with the RSI below 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle above USD 8,276 with the RSI at or above 49 will mean price and momentum are aligned to the buyside. Likewise, a close below this level will mean it is aligned to the sell side. Upside moves that fail at or below USD 8,320 will leave the futures vulnerable to further tests to the downside, above USD 8,388 the intraday technical becomes bullish.
- Technically bearish on the intraday the futures are currently trading in and finding support on the on the daily EMA band, suggesting caution on downside moves at this point. Key support remains at USD 8,114 on the daily technical.

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,263	R1	2,286	Stochastic oversold	RSI below 50
S2	2,234	R2	2,321		
S3	2,219	R3	2,342		

Source Bloomberg

Synopsis - Intraday

- Price is below the EMA Resistance band (Black EMA's)
- RSI is below 50 (33)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,286
- Technically bearish yesterday the futures were testing the 100% projection level at USD 2,298, a close below this level would leave the USD 2,263 and USD 2,264 support levels vulnerable. We also noted that USD 2,249 would be an area of interest on the daily technical, if it holds then it would warn that we could potentially be in the early stages of a larger bull cycle. The futures traded to a low of USD 2,257 on the Asian open before finding light buying support, price is below all key moving averages with the RSI below 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 2,286 with the RSI at or above 39 will mean price and momentum are aligned to the buy side. Upside moves that fail at or below USD 2,369 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically we remain bearish; however, we have seen light bid support on the back of a minor positive divergence on the 60 min chart with the futures holding above the USD 2,249 level, suggesting a little caution at these levels, as we could potentially see an intraday upside move. If we do trade below and close below USD 2,249 then it would imply downside continuation, with further support at USD 2,219.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,978	R1	3,080		
S2	2,947	R2	3,129		RSI below 50
S3	2,920.5	R3	3,196		

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (48)
- Stochastic is at 50
- Price is above the daily pivot point USD 2,978
- Technically unchanged from yesterday with the futures moving sideways along the top of the EMA support zone. Price is below the EMA support band with the RSI below 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 2,978 with the RSI at or below 43.5 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 3,196 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- The daily technical is bullish with a neutral bias but flat EMA's indicate a lack of trend on the higher timeframe. The intraday technical is respecting the EMA resistance band but holding in the support zone. Technically we remain bearish on the intraday but due to the support and resistance being so close we must maintain a neutral view here until one of them is broken. We continue to highlight the potential for a positive divergence with the RSI below USD 2,920.5, suggesting caution on downside breakouts. (unchanged)

Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	28,757	R1	29,768	Stochastic oversold	RSI below 50
S2	28,143	R2			
S3	27,100	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (47)
- Stochastic is oversold
- Price is below the daily pivot point USD 29,989
- Technically bullish yesterday but with a minor negative divergence in play that needed to be monitored, a close on the 4-hour candle below USD 29,920 warned that the USD 28,757 support could come under pressure. The futures have entered a corrective phase with the futures closing below the USD 29,920 level on the 4-hour candle. Price is below the EMA support band with the RSI now below 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 29,989 with the RSI at or above 57 will mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 28,757 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish but in a corrective phase, the close below USD 29,920 is warning that the USD 28,757 support could now be tested and broken.

Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,240	R1	2,242	Stochastic oversold	RSI below 50
S2	2,221	R2			
S3	2,206	R3			

Synopsis - Intraday

Source Bloomberg

- Price is between the EMA support band (Black EMA's)
- RSI is below 50 (49)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,270
- Technically bullish yesterday we remained cautious on upside breakouts due to the previous divergences, the futures have moved lower with price now trading in the EMA support band. The RSI is below 50 with price and momentum aligned to the sell side.
- A close on the 4-hour candle above USD 2,270 with the RSI at or above 55.5 will mean price and momentum are aligned to the buy side. Upside moves that fail at or below USD 2,278 will leave the futures vulnerable to further tests to the downside, above this level the futures will target the USD 2,302.50 high. Likewise, downside moves that hold at or above USD 2,221 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish and in a corrective phase, support levels are now starting to look vulnerable, making USD 2,221 the key level to follow. However, a close on the 4-hour candle above USD 2,263 will indicate buy side momentum is improving implying the USD 2,278 resistance could be tested and broken.