

China

Chinese officials are considering a record quota for special local government bonds this year and widening the budget deficit target as they ramp up support for the world's second-largest economy, according to people familiar with the matter.

The authorities are discussing a special local government bond quota of up to 3.8 trillion yuan, higher than the previous record of 3.75 trillion yuan, said the people, who asked not to be identified because the talks are private.

The annual quota limits the amount of new bond sales that can be sold each year. However, last year was an exception when the actual issuance of special bonds exceeded the original quota because local governments were allowed to tap some of the unused quota from previous years.

Officials are also mulling a deficit target of around 3% of gross domestic product for 2023, the people said. That would be higher than last year's goal of 2.8%, yet smaller than 3.6% in 2020. (Bloomberg).

Cu

Copper jumped to the highest since June as optimism over China's economic recovery and bets for a less aggressive Federal Reserve fueled a rally across base metals.

China will return to "normal" growth soon as Beijing steps up support for households and businesses, Guo Shuqing, party secretary of the country's central bank, told state media. That's adding to hopes that the government will expand measures to steady the economy in the wake of a massive wave of Covid-19 infections. (Bloomberg)

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	8,524	R1	8,755	RSI above 50	Stochastic overbought
S2	8,511	R2	8,826		
S3	8,449	R3	8,863		

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 8,524
- Technically bullish on the last report, a close above USD 8,509.5 would leave market buyers targeting the USD 8,629 high. The futures have moved higher with price trading through all near-term resistance levels. 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 8,524 with the RSI at or below 51 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 8,365 will support a near-term bull argument, below this level we target the USD 8,188 low.
- Technically bullish on all timeframes, the daily RSI is now in divergence with the RSI, not a sell signal it is warning that we have the potential to see a momentum slowdown. Intraday moves below USD 8,361 will warn that momentum based on price is turning to the sell side; however the 20 min Elliott wave cycle would suggest that there is still one more test to the upside to come in the very near-term.

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,308	R1	2,342	2,344	RSI below 50
S2	2,297	R2	2,369		
S3	2,282	R3	2,390		

Source Bloomberg

Synopsis - Intraday

- Price is between the EMA Resistance band (Black EMA's)
- RSI is below 50 (49)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,288
- Technically bearish last week, the positive divergence had occurred with the RSI above its MA, suggesting resistance levels were now vulnerable, resulting in the futures have trading into the Fibonacci resistance zone. Price is between the EMA resistance band with the RSI near neutral at 49.89, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 2,288 with the RSI at or below 37 will mean price and momentum are aligned to the sell 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. Likewise, downside moves that hold at or above USD 2,282 will support a near-term bull argument, below this level the futures will target the USD 2,251 fractal low.
- Technically we remain bearish with momentum now at an inflection point. If the RSI stays below 50 then momentum is vulnerable to a test to the downside; however, if it moves above and holds above 50 then the overbought stochastic becomes less relevant. Key support to follow is at USD 2,282.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,972.5	R1	3,089	RSI above 50	Stochastic overbought
S2	2,947	R2			
S3	2,920.5	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA resistance band (Black EMA's)
- RSI is above 50 (58)
- Stochastic is overbought
- Price is above the daily pivot point USD 3,016
- We maintained a neutral bias on Friday but noted that resistance levels were starting to look vulnerable, the futures have traded above but failed to close above the USD 3,097 resistance at this point. The futures are above the EMA resistance band with the RSI above 50, intraday price and momentum are aligned to the buy side.
- A close on the 4-hour candle below USD 3,016 with the RSI at or below 48.5 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.
- Having held the support zone (highlighted in red) the futures are now trading above the EMA resistance band with the RSI above 50, the USD 3,196 is now a near-term upside target for market buyers as momentum has now moved to the buy side. A close on the 4-hour candle above USD 3,097 will further support a buyer's argument.

Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	27,100	R1	29,106	Stochastic oversold	RSI below 50
S2	25,865	R2	29,061		
S3	25,370	R3	29,617		

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 28,106
- Bullish with a neutral bias on Friday, the USD 27,100 fractal had looked like it could be tested and broken. The futures traded to a low of USD 27,206 but held support, resulting in a move to the upside. Price is below the EMA support band with the RSI below 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle above USD 28,106 with the RSI at or above 49 will mean price and momentum are aligned to the buy side. Likewise, a close below this level with the RSI at or below 44.5 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 30,371 will leave the futures vulnerable to further tests to the downside, above this level the futures will target the USD 31,975 fractal resistance.
- Technically bullish with a neutral bias still, the base complex is moving higher this morning, warning that USD 30,371 resistance could be vulnerable. This is a key level going forward, if broken the intraday technical is considered as bullish.

Lead Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,231.5		RSI below 50
S2	R2			
S3	R3			

Synopsis - Intraday

Source Bloomberg

- Price is between the EMA support band (Black EMA's)
- RSI is below 50 (49)
- Stochastic is at 50
- Price is above the daily pivot point USD 2,203
- Technically bullish with a neutral bias on Friday, the deep pullback warned that the USD 2,206 and USD 2,182 support levels could be tested and broken. However, we had a note of caution as below USD 2,206.5 we had the potential to create a positive divergence with the RSI, not a buy signal it did warn we had the potential to see a momentum slowdown. The futures traded to a low of USD 2,175.5 taking the technical into bearish territory; however, the divergence remained in play, resulting in the futures moving to the upside. Price is between the EMA support band with the RSI and stochastic both neutral at 49, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 2,203 with the RSI at or below 46 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 2,256 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish based on the new low on Friday, the futures are now nearing a key resistance point, if it holds, in theory we move lower. If broken the USD 2,298 resistance could be vulnerable.

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