

China

China's short-term borrowing costs fell for the first time in four days as the PBOC injected additional cash through its open market operations to boost interbank liquidity.

Overnight repo rate falls 7bps to 2.30% after climbing to 2.32% on Wednesday, the highest since February 2021; 7-day repo rate drops 3bps to 2.21%(Bloomberg).

Cu

Copper and iron ore advanced as an expected recovery in China buoyed the demand outlook.

Sentiment is improving after metals fell last week on an underwhelming rebound following the Lunar New Year holidays. Covid deaths and severe cases have plunged 98% from a peak in early January, according to Chinese authorities, while there are signs the country's central bank might cut interest rates next quarter.

Disruptions at a major mine in Peru are also supporting copper prices, while aluminum steadied following a six-day run of declines that was partly spurred by a jump in stockpiles in South Korea. There's also evidence construction projects are ramping up in China, a boon for steel-making ingredient iron ore and metals in general.

Expectations of China's economic recovery and overseas supply disruption risks will support copper in the short-to-medium term, Citic Futures Co. said in a note. Aluminum should also benefit from threats to production and Chinese demand optimism, it said. (Bloomberg).

Zn

zinc extended its rebound from the lowest close in a month as China's demand recovery and depleted inventory levels in London boosted prices.

Chinese demand for the metal used in galvanizing steel is "rebounding appropriately" after manufacturers returned from Lunar New Year break, said Liu Mengyue, an analyst at Yonggang Resources Co. in Shanghai, citing improvement in fabricators' run rates. The recovery in zinc demand is better than for other metals such as copper, she said. (Bloomberg)

Copper Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	8,939	R1	9,091	RSI below 50
S2	8,808	R2	9,179	
S3	8,651	R3	9,298	

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (47)
- Stochastic is above 50
- Price is above the daily pivot point USD 8,939
- The upside moves in the morning session yesterday stalled and rejected at the EMA resistance band, resulting in a move lower. Price is finding bid support on the open but remains below the EMA band with the RSI below 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 8,939 with the RSI at or below 41 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 9,298 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- We noted yesterday on the close report that the technical was getting a little complex, the futures have rejected the intraday resistance band but have found support on the daily EMA support band. If we trade below USD 8,808 then we will possibly create a positive divergence with the RSI, suggesting the daily band will be tested again, but potentially hold. However, since then the market has found buying support on the Asian open. On a closer look this morning we can also see that copper is holding the intraday 200-period MA, with price above the longer-term Elliott wave support at USD 8,651.
- In theory, on paper, we have one more intraday test to the downside based on the intraday wave cycle. However, this is just a psychological footprint of the market, cycles can and do fail. I still think (based on the higher timeframe wave cycle) that we have a larger bull wave to come, and we are seeing signs of exhaustion on the downside move, I'm just unsure if the bull move starts now, or moves a little lower first. Sorry

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,465	R1	2,500	2,484	Stochastic oversold
S2	2,408.5	R2	2,521		
S3	2,397	R3	2,548		

Source Bloomberg

Synopsis - Intraday

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (39)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,500
- On the longer-term technical we still see this as a countertrend move; however the futures remain corrective at this point with price trading below the USD 2,503 fractal low. The divergence on the 4-hour candle has failed but we continue to see divergences on the lower timeframe, suggesting caution at these levels. We remain below all key moving averages supported by the RSI below 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 2,500 with the RSI at or above 42.5 will mean price and momentum are aligned to the buy side. Upside moves that fail at or below USD 2,521 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. Only above USD 2,548 is the technical bullish.
- The futures have held the USD 2,465 support on the open, but we remain in a corrective phase. With the 1-hour technical in divergence we remain cautious at these levels as we are seeing warning signs that the downside move could be exhausting.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	3,082	R1	3,147.5		RSI below 50
S2	3,067	R2			
S3	3,019	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (39)
- Stochastic is below 50
- Price is below the daily pivot point USD 3,153
- Technically bearish on the intraday yesterday with the higher timeframe technical now neutral, intraday upside moves look to be countertrend at this point, making USD 3,285 the key resistance to follow. The upside move failed to hold resulting in the futures moving 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 below USD 2,153 with the RSI at or below 34.5 will mean price and momentum are aligned to the sell side. Likewise, a close above this level will mean it is aligned to the buyside. Upside moves that fail at or below USD 3,285 will leave the futures vulnerable to further tests to the downside. Only above USD 3,391 is the technical bullish.
- Technically bearish on the intraday, downside moves below USD 3,082 will create a positive divergence with the RSI, suggesting caution on downside breakouts. A close on the 4-hour candle above USD 3,210 will warn that buyside pressure is increasing, leaving resistance levels vulnerable. A cautious bear, we should in theory try and test the USD 3,082 low, but the potential to diverge could cool the sellers enthusiasm at these levels.

Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	26,740	R1	27,390	Stochastic oversold	RSI below 50
S2	26,500	R2			
S3	25,970	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (41)
- Stochastic is oversold
- Price is below the daily pivot point USD 27,515
- Technically bearish yesterday, we maintained our view based on the RSI making new lows that upside moves look like they could be countertrend at this point. The futures have rejected the Fibonacci resistance with price moving marginally lower, we remain below the EMA resistance 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 27,515 with the RSI at or above 45 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 29,020 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. Only above USD 30,195 is the technical bullish.
- We remain technically bearish with the USD 26,740 Fractal support looking vulnerable. However, below this level the futures have the potential to create a positive divergence with the RSI, not a buy signal it does warn we could see a momentum slowdown on a new low, suggesting caution on downside breakouts.

Lead Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,166.5	RSI above 50	Stochastic overbought
S2	R2			
S3	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA resistance band (Black EMA's)
- RSI is at 50 (55)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,117
- Technically bearish yesterday with the futures below the consolidation zone from last week, a close above USD 2,167 or a move above 2,175 will warn that the technical is starting to turn bullish. The futures have moved higher with price trading into the consolidation phase. The futures are above the EMA resistance band with the RSI above 50, intraday price and moment are aligned to the buy side.
- A close on the 4-hour candle below USD 2,171 with the RSI at or below 45.5 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 2,75 will mean the technical is bullish.
- The futures are moving higher with price looking to test key resistance levels, if broken we will be in bullish territory.