

## U.S

CPI figures today, which could mean a bit of a bumpy ride this afternoon.

## China

China may lose a key support for economic growth and the yuan this year as residents flock overseas again and exports continue to plummet because of a global slowdown.

After hitting a 14-year high of almost \$420 billion last year, the surplus on the current account — the broadest measure of trade in goods and services — is expected to narrow sharply this year. Economists surveyed by Bloomberg predict it will weaken to 1.4% of gross domestic product this year, down from 2.3% in 2022.

The slump will not only affect economic growth, it will also put pressure on the currency to depreciate. Fewer exports mean less foreign income for the country, while a surge in outbound tourism means more Chinese people will be swapping their yuan for foreign currency, resulting in more outflows. (Bloomberg).

## Cu/Zn

Aluminum rose from the lowest close in five weeks amid supply risks in China and before US inflation data that should provide clues on the rate-hike path.

The industrial metal climbed as much as 1.3% in London after dropping sharply over the last two-and-a-half weeks. The declines were fueled by swelling LME inventories, signs Chinese demand isn't coming back as rapidly as anticipated and speculation the Federal Reserve will need to stay hawkish to rein in US inflation.

The market is still waiting for clearer signals on China's recovery, but aluminum is drawing support from supply threats, Guangzhou Futures Co. said in a note. Smelters in the southwestern Yunnan province may need to curb output due to a hydropower shortage, it said.

Zinc held its biggest advance in almost four weeks as Japan's biggest smelter said it plans to raise charges for Asian buyers for a second straight year due to a tight supply outlook.

Aluminum rose 0.6% to \$2,428 a ton on the London Metal Exchange as of 11:25 a.m. in Shanghai. Copper climbed 0.2% to \$8,952.50 and zinc edged lower after jumping 1.8% on Monday. (Bloomberg).

# Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	8,907	R1	8,960.5		RSI below 50
S2	8,817	R2			
S3	8,808	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is below /on the EMA resistance band (Black EMA's)
- RSI is below 50 (48)
- Stochastic is above 50
- Price is above the daily pivot point USD 8,907
- Technically unchanged yesterday with the USD 8,808 support looking vulnerable. A new low would create a positive divergence with the RSI, whilst the futures remained in the daily support band, leaving us a cautious bear, as downside moves could be limited. We maintained a more neutral bias as price remained below the intraday resistance band. Elliott wave analysis suggests that this move lower is potentially a countertrend one. The futures traded to a low of USD 8,817, but failed to activate the positive divergence; however, we did move higher with price trading up to the base of the EMA resistance band. The RSI is below 50 but price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 8,907 with the RSI at or below 43 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. Likewise, downside moves that hold at or above USD 8,651 will support a longer-term bull argument.
- We remain technically bearish with the longer-term Elliot wave cycle continuing to suggest that downside moves should be considered as countertrend at this point. Upside moves that trade above and close above USD 9,110 will put the technical in bullish territory; likewise, downside moves below USD 8,808 will create a positive divergence with the RSI. Not a buy signal it does warn that we have the potential for a momentum slowdown below this level, suggesting caution on downside breakouts. We maintain a more neutral bias as price is still in the daily EMA support band but below the intraday EMA resistance band.

# Aluminium Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	2,409	R1	2,449	2,437.5	Stochastic oversold	RSI below 50
S2	2,397	R2	2,461			
S3	2,343	R3	2,478			

Source Bloomberg

## Synopsis - Intraday

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (38)
- Stochastic is oversold
- Price is above the daily pivot point USD 2,428
- Having rejected key resistance last week the futures had traded to a new low; however, the divergence remained in play yesterday, leaving us a cautious bear. The futures traded to a new low before finding light bid support on the Asian open, price remains 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 2,428 with the RSI at or above 41 will mean price and momentum are aligned to the buy side. Likewise, a close below this level will mean it is aligned to the sell side. Upside moves that fail at or below USD 2,478 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. Only above USD 2,464 is the technical bullish; however, even with a new high, the futures will remain below the EMA resistance band.
- Technically we are bearish but we remain a cautious bear, as price is still in divergence with the RSI. A close above USD 2,464 that holds above this level will warn that the EMA resistance band could be tested and broken.

# Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear	
S1	3,074	R1	3,097	Stochastic oversold	RSI below 50	
S2	3,001	R2				3,174
S3	2,990	R3				3,222

## Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (43)
- Stochastic is above 50
- Price is above the daily pivot point USD 3,074
- Having previously traded to a new low the futures were in divergence yesterday, warning we had the potential to see a momentum slowdown, leaving us a cautious bear. The futures did trade lower but held above the support zone that is highlighted on the chart, resulting in price moving and closing higher on the day. Price is still below the EMA resistance band with the RSI below 50, but intraday price and momentum are now aligned to the buyside.
- A close on the 4-hour candle below USD 3,074 with the RSI at or below 35.5 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 3,146 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. Only above USD 3,174 is the technical bullish.
- Technically bearish, the futures are moving higher on the back of the positive divergence with the RSI having rejected the support zone, warning resistance levels are now vulnerable. Downside moves below USD 3,001 will potentially create a second positive divergence with the RSI, suggesting caution on downside moves at this point.

# Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear	
S1	25m915	R1	26,807	Stochastic oversold	RSI below 50	
S2	25,770	R2				27,491
S3	24,837	R3				27,822

## Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (38)
- Stochastic is oversold
- Price is below the daily pivot point USD 26,807
- Technically bearish with support levels vulnerable yesterday, we had previously seen upside rejection. Downside moves below USD 26,740 would leave support levels vulnerable; however, we noted that this could create a positive divergence with the RSI. The futures have traded lower with price closing below the USD 26,740 level. 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 26,807 with the RSI at or above 47.5 will mean price and momentum are aligned to the buy side. Upside moves that fail at or below USD 28,271 will leave the futures vulnerable to further tests to the downside, above this level we target the USD 29,225 fractal resistance.
- Technically bearish with the USD 25,915 fractal support now vulnerable, the new low has created a positive divergence with the RSI. Not a buy signal it does warn that we have the potential to see a momentum slowdown, suggesting caution at this point. Key resistance is at USD 28,271.

# Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,097	R1	2,109		RSI below 50
S2	2,075	R2			
S3	2,048	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (48)
- Stochastic is below 50
- Price is above the daily pivot point USD 2,097
- Technically bearish yesterday, the new low warned that support levels were vulnerable. However, price was in divergence with the RSI, not a buy signal it did warn we have the potential to see a momentum slowdown which needed to be monitored, making us a cautious bear. The divergence came into play, resulting in price trading up to be not above the EMA resistance band, the RSI remains below 50 but price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 2,097 with the RSI at or below 44 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 2,137 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. Only above USD 2,169 is the technical bullish.
- The upside moves on the back of the positive divergence would suggest that resistance levels are now vulnerable. However, we remain below the USD 2,137 level, if broken this will give the futures a neutral bias, further supporting a buyer's argument. If resistance holds then the daily pivot at USD 2,097 could be tested and broken.

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