

China

China's short-term borrowing costs are climbing back toward a two-year high, fueling expectations the central bank will respond with increased cash injections amid global market volatility and difficulties in domestic bond trading.

The overnight repo rate climbed to 2.3%, as demand for cash rose for monthly tax payments and ongoing credit expansion. In February when the rate last hit that level, the People's Bank of China boosted its open market cash injections to a record in a bid to rein in the surge.

The climb in borrowing costs may add to jitters on Chinese assets as fears from a nascent banking crisis spread through global markets. A worsening yuan liquidity squeeze could also weigh on the local bond market, already under pressure this week after money brokers halted data feeds to popular trading platforms on a reported regulatory request. (Bloomberg).

Cu

Copper and aluminum rose, while gold traded near a six-week high, as signs the Federal Reserve may have to pause rate hikes provided some relief from the market panic caused by banking crises in the US and Europe.

A loss of market confidence in Credit Suisse Group AG coming hot on the heels of the collapse of Silicon Valley Bank and fears about other regional US lenders now has traders split on whether the Fed will hike next week. However, the risk of further contagion from the Swiss lender seems to be getting contained after the country's central bank said it would receive a liquidity backstop if needed. (Bloomberg).

Copper Morning Technical (4-hour)



| | Support | Resistance | Current Price | Bull | Bear |
|----|---------|------------|---------------|---------------------|--------------|
| S1 | 8,522 | R1 | 8,558 | Stochastic oversold | RSI below 50 |
| S2 | 8,408 | R2 | | | |
| S3 | 8,311 | R3 | | | |

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (38)
- Price is below the daily pivot point USD 8,646
- Stochastic is oversold
- The markets went risk off yesterday with the futures moving lower and closing outside of the range. The technical is bearish with price 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 8,646 with the RSI at or above 47 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 8,793 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, the futures are in divergence with the RSI dating back to the 27/02, not a buy signal it does warn that we have the potential to see a momentum slowdown. The MA on the RSI is moving in a downward trajectory, suggesting resistance levels should hold in the near-term if tested. However, as noted on the last nights close report, we are a cautious bear due to the financial situation, purely on the basis that if the market thinks it is contained, it could go risk on.

Aluminium Morning Technical (4-hour)



| Support | Resistance | Current Price | Bull | Bear |
|---------|------------|---------------|-------|-------------------------------------|
| S1 | 2,268 | R1 | 2,302 | Stochastic oversold RSI below 50 |
| S2 | 2,238 | R2 | 2,315 | |
| S3 | 2,200 | R3 | 2,332 | |
| | | 2,284 | | |

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (40)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,307
- Technically bearish with a neutral bias yesterday, we noted that the USD fractal resistance was vulnerable. The futures initially moved higher, breaking resistance, and taking the technical into bull territory. However, we followed the commodities complex lower during the rest of the session, resulting in support levels being broken, meaning we closed the day back in bear territory. Price is 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 2,307 with the RSI at or above 47 will mean price and momentum are aligned to the sell side. upside moves that fail at or below USD 2,332 will mean price and momentum are aligned to the buyside.
- Technically bearish, the new low yesterday means the futures are in divergence with the RSI, warning we have the potential to see a momentum slowdown, suggesting caution on downside moves at this point.

Zinc Morning Technical (4-hour)



| | Support | Resistance | Current Price | Bull | Bear |
|----|---------|------------|---------------|---------------------|--------------|
| S1 | 2,785 | R1 | 2,876 | Stochastic oversold | RSI below 50 |
| S2 | 2,742 | R2 | 2,893 | | |
| S3 | 2,699 | R3 | 2,917 | | |

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (42)
- Stochastic is below 50
- Price is below the daily pivot point USD 2,880
- Technically bearish yesterday we had a neutral view as price was in divergence whilst in the support zone; however, price action was not giving us any buy signals. The futures moved lower alongside the rest of the sector, resulting in price trading below and closing below the support zone with the near-term divergence failing. Price is 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 2,880 with the RSI at or above 43.5 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 2,916 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, the RSI is testing support dating back to the 27/02 with the 1-hour technical in divergence, warning we have the potential to see a momentum slowdown, making USD 2,916 the key resistance to follow.

Nickel Morning Technical (4-hour)



| | Support | Resistance | Current Price | Bull | Bear |
|----|---------|------------|---------------|------|--------------|
| S1 | 22,620 | R1 | 23,003 | | RSI below 50 |
| S2 | 22,455 | R2 | | | |
| S3 | 21,613 | 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 23,016
- Technically bearish yesterday, we remained cautious on downside price action, as a move below USD 22,620 would create a positive divergence with the RSI, not a buy signal it warned that we had the potential to see a momentum slowdown on a new low. Another day of limited price action with the futures closing slightly lower on the day. Price is below all key moving averages supported by the RSI above 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle above USD 23,016 will mean price and momentum are aligned to the buy side; likewise, a close below this level with the RSI at or below 36 will mean it is aligned to the sell side. Upside moves that fail at or below USD 24,157 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. Only above USD 24,950 is the technical bullish.
- Unchanged on the technical, we remain bearish but cautious on downside breakouts due to the divergence in play.

Lead Morning Technical (4-hour)



| Support | Resistance | Current Price | Bull | Bear |
|---------|------------|---------------|------|--------------|
| S1 | R1 | 2,069.5 | | RSI below 50 |
| S2 | R2 | | | |
| S3 | R3 | | | |

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (45)
- Stochastic is below 50
- Price is below the daily pivot point USD 2,078
- The intraday technical was bullish having broken fractal resistance yesterday warning that the symmetrical triangle could be in the process of failing. Like the rest of the base complex we witnessed a sell off on the back of banking issues in the financial sector. Price is 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 2,078 with the RSI at or above 50.5 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 2,091 will leave the futures vulnerable to further tests to the downside (price is currently rejecting that level), above this level we target the USD 2,107 fractal high.
- Technically bullish with a neutral bias, downside moves below USD 2,057.5 will be considered as bearish; however, a new low will create a positive divergence with the RSI, warning we have the potential to see a momentum slowdown, suggesting caution on downside breakouts.