

China

A direct stimulus of 4 trillion yuan (\$580 billion) paid directly to Chinese households is an option to spur a recovery in consumer spending that has been slowed by weak wage growth during the pandemic, a central bank adviser said.

Relatively sluggish income growth means “short-term measures” are needed “such as putting four trillion in the hands of households,” Cai Fang, a member of the People’s Bank of China’s monetary policy committee, said in a speech on Saturday. (Bloomberg).

commodities

Commodities remained under pressure despite a weekend of intervention by authorities to contain a banking crisis that saw UBS Group AG agree to buy Credit Suisse Group AG and central banks boost dollar liquidity.

Oil sank, with US benchmark West Texas Intermediate plunging below \$65 a barrel to hit the lowest level since late 2021, while copper also dropped after failing to hold an early gain. Still, gold — which benefited from the banking turmoil with a 6.5% surge last week — rose above \$2,000 an ounce for the first time in a year, suggesting that demand for havens remains robust.

After hitting a record last year following Russia’s invasion of Ukraine, the Bloomberg Commodities Spot Index has lost more than a quarter of its value as concerns over a global slowdown, higher interest rates, and a huge selloff in natural gas dragged the gauge lower. The upheaval in the banking sector — marked by the swift collapse of several US lenders and subsequent crisis at Credit Suisse — then deepened the rout, although bullion was a beneficiary.

With a crisis of confidence threatening to spread across financial markets, the Swiss government brokered the deal for Credit Suisse over the weekend, including a guarantee for potential losses from the assets UBS is taking over. The Federal Reserve and five other central banks also announced coordinated action to boost liquidity in US dollar swap arrangements.

“Participants are still not fully convinced on whether recent moves by authorities can backstop further banking fall-outs,” said Yeap Jun Rong, a market strategist at IG Asia Pte in Singapore. Investors are now wondering whether to buy the dip, Yeap said.

“There is a bit of an easing in risk-aversion” following financial aid to both Credit Suisse and First Republic in the US, Everbright Futures Co. said in a note. Markets will still closely monitor the Federal Reserve’s comments on rate hikes, it said.

The US central bank meets next week, with the market currently pricing in an 82% chance of a hike. That was lower earlier in the week before worries over the banking crises eased.

“There is also bargain-hunting among Chinese investors following the recent price slumps,” said Jia Zheng, a trader with Shanghai Dongwu Jiuying Investment Management Co. (Bloomberg).

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	8,522	R1	8,621		RSI below 50
S2	8,408	R2	8,719		
S3	8,311	R3	8,793		

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (42)
- Price is below the daily pivot point USD 8,528
- Stochastic is above 50
- Technically bearish on Friday with the MA on the RSI suggesting that resistance levels should in theory hold in the near-term, making USD 8,793 the key level to follow. Having moved lower on Friday the futures opened with bid support but immediately sold lower. Price is below the EMA resistance band with the RSI below 50, intraday priced and momentum are conflicting.
- A close on the 4-hour candle below USD 8,621 with the RSI at or below 39 will mean price and momentum are aligned to the sell side. Likewise, a close above this level 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. Note: we have rejected the upside resistance at this point.
- Technically bearish, we are seeing the MA on the RSI flatten, suggesting sell side momentum is weakening; however, the resistance rejection would suggest that the USD 8,442 support could be vulnerable. Downside moves below this level could create a positive divergence with the RSI, not a buy signal it does warn we could see a momentum slowdown, suggesting caution on downside breakouts.

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,238	R1	2,285	Stochastic oversold	RSI below 50
S2	2,200	R2	2,315		
S3	2,151	R3	2,332		

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (40)
- Stochastic is oversold
- Price is above the daily pivot point USD 2,285
- A cautious bear last week as the upside move had been on the back of a positive divergence. The futures have moved lower but remain above the USD 2,261 fractal low. Price is below all key moving averages supported by the RSI below 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle above USD 2,285 with the RSI at or above 44 will mean price and momentum are aligned to the buy side. Likewise, a close below this level with the RSI at or below 39.5 will mean it is aligned to the sell side. Upside moves that fail at or below USD 2,332 will leave the futures vulnerable to further tests top the downside, above this level the technical will have a neutral bias. Only above USD 2,380 is the technical bullish.
- Technically bearish with support levels looking like they could be tested and broken. A new low will create another positive divergence with the RSI, leaving us a cautious bear on downside breakouts, as momentum suggests that we are vulnerable to a momentum slowdown on a new low.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,852	R1	2,881.5	Stochastic oversold	RSI below 50
S2	2,818	R2			
S3	2,785	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (44)
- Stochastic is overbought
- Price is below the daily pivot point USD 2,911
- The upside move on the back of the divergence resulted in a deep pullback last week, meaning the technical was bearish but with a neutral bias. The technical was conflicting, as the lower timeframe was warning that the futures were still vulnerable to another test to the downside; however, the strength of the upside move suggested that the probability of the futures trading to a new low had decreased. For this reason, we were cautious on downside moves as the new low had the potential to create further divergences. The futures moved higher on Friday but have sold lower on the Asian open, the futures are 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 2,911 with the RSI at or below 40.5 will mean price and momentum are aligned to the buyside; likewise, a close above this level will mean it is aligned to the buyside. Downside moves that hold at or above USD 2,852 will support a near-term bull argument, below this level the futures will target the USD 2,818 fractal support. Only above USD 2,967 is the technical bullish.
- The futures continue to come under pressure, but the MA on the RSI is starting to turn higher, warning sell side momentum is potentially slowing. We remain bearish with a neutral bias with downside moves below USD 2,818 still warning we have the potential to create a positive divergence on a new low, making USD 2,852 the key support to follow. Note: it is unclear at this point whether we will get a positive divergence with the RSI on a new low, this will need to be monitored.

Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	22,620	R1	23,364		RSI below 50
S2	22,455	R2			
S3	21,613	R3			

Synopsis - Intraday

Source Bloomberg

- Price is between the EMA resistance band (Black EMA's)
- RSI is below 50 (48)
- Stochastic is overbought
- Price is below the daily pivot point USD 23,475
- Technically bearish on Friday, the MA on the RSI was sloping in an upward trajectory, suggesting the USD 24,157 resistance could be tested and broken. The futures moved sideways with price closing in the EMA resistance band with the RSI below 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle below USD 23,475 with the RSI at or below 41 will mean price and momentum are aligned to the sell side; likewise, a close above this level will mean price and momentum are aligned to the buyside. 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.
- Technically bearish, the USD 24,157 resistance level continues to look vulnerable; however, we are conscious that the commodities complex is coming under pressure in the Asian day session, warning we have the potential to see price open lower. Downside moves below USD 22,620 have the potential to create another positive divergence, warning 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	2,083.5	RSI above 50	
S2	R2			
S3	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA resistance band (Black EMA's)
- RSI is above 50 (50)
- Stochastic is above/on 50
- Price is on the daily pivot point USD 2,084
- The upside move above USD 2,091 warned that resistance levels could be vulnerable, as did momentum if the RSI could hold above 50. However, we had a neutral bias as the were trading within a descending triangle. Although this is a bearish pattern it can be a reversal pattern, suggesting this should be treated like a symmetrical triangle with confirmation coming from a breakout. The futures did move higher but failed to confirm a breakout, resulting in price moving lower in the Asian day session. Price is between the EMA resistance band with the RSI neutral at 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 2,084 with the RSI at or below 45.5 will mean price and momentum are aligned to the sell side.
- Technically bullish on the intraday, the futures remain in the triangle pattern, from a technical basis we need to see a close that holds outside of the pattern, for this reason we maintain a neutral bias as price remains in consolidation.