

China

Signs of a cash squeeze are appearing in China as the quarter-end approaches, underscoring how the nation's economic rebound is driving demand for loans and prompting the central bank to ease policy.

The overnight repurchase rate, an indicator of interbank funding costs, climbed to the highest level since February 2021 on Tuesday. Short-term liquidity is becoming more scarce in the interbank market, as lenders set cash aside for quarter-end regulatory checks and disburse more loans amid a recovery fueled by a reopening of the economy. (Bloomberg).

Cu

Copper prices are likely to hit a record in the next 12 months as available stocks shrink to near-zero levels, according to the world's top trader of the industrial metal, Trafigura Group.

Trafigura co-head of metals Kostas Bintas joined other senior trading executives at the Financial Times Commodities Global Summit who were uniformly bullish on the outlook for copper, citing constrained supplies and the outlook for rising demand for electrification as part of the green-energy transition.

Copper is "the most critical" of metals in today's world, Bintas said. "It's very likely we'll see a new record price in the next twelve months."

Copper has retreated with other industrial commodities in recent weeks, as concerns over the global macroeconomic environment batter risk assets. However, current prices don't reflect the reality of a looming shortage, said Mercuria Group's Guillaume de Dardel.

"Copper is needed in every iteration of the electrification drive," Glencore Plc's co-head of zinc and copper marketing, Nick Popovic said on the panel. "It's like the house in a casino — the house always wins." (Bloomberg).

Al

China has nearly doubled imports of Russian aluminum in the year since the invasion of Ukraine, as some western buyers shun the metal from the major commodity supplier.

Imports of refined aluminum from Russia surged 94% to about 538,600 metric tons between March 2022 and February 2023 from the previous 12 months, according to Chinese customs data. That's a record annual volume on a moving-average basis. (Bloomberg).

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	8,653	R1	8,719		RSI below 50
S2	8,522	R2	8,793		
S3	8,408	R3	8,851		

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (48)
- Price is above the daily pivot point USD 8,653
- Stochastic is overbought
- Technically bearish yesterday, we were seeing the MA on the RSI flatten, suggesting sell side momentum was weakening; however, this was countered by the upside move rejecting resistance levels, warning that the USD 8,442 support could be vulnerable. A downside move to a new low would create a positive divergence with the RSI, not a buy signal it warned we could see a momentum slowdown, suggesting caution on downside breakouts. We traded lower in the Asian day session but the move failed to hold with price closing higher on the day. A small move lower overnight means price is just below the EMA resistance band with the RSI below 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 8,653 with the RSI at or below 42.5 will mean price and momentum are aligned to the sell side. 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.
- The futures are holding below the EMA resistance band but momentum is now conflicting, as the RSI is below 50 with the stochastic in overbought territory, providing the RSI remains below 50 then momentum is warning we are vulnerable to a test to the downside. However, countering this is the MA on the RSI which is moving higher, suggesting support levels could hold if tested, or that the RSI could move above 50. For this reason, although technically bearish, we remain cautious on downside moves at this point.

Aluminium Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	2,254	R1	2,279	RSI below 50
S2	2,238	R2	2,311	
S3	2,200	R3	2,329	
		2,275		

Synopsis - Intraday

Source Bloomberg

- 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 2,279
- Technically bearish yesterday with support levels looking like they could be tested and broken; however, a new low would create a positive divergence with the RSI, not a buy signal it warned we had the potential to see a momentum slowdown on a new low, leaving us cautious on downside breakouts. The futures traded to a new low with the move failing to hold, 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 below USD 2,279 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 it is aligned to the buy side. Upside moves that fail at or below USD 2,329 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. Only above USD 2,380 is the technical bullish.
- Technically bearish with support levels remaining vulnerable, the technical is unchanged. A new low will create another positive divergence with the RSI, leaving us cautious on downside breakouts, as momentum suggests that we are vulnerable to a momentum slowdown.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,852	R1	2,901		RSI below 50
S2	2,818	R2	2,935		
S3	2,785	R3	2,967		

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (44)
- Stochastic is below 50
- Price is below the daily pivot point USD 2,901
- Technically bearish with a neutral bias yesterday the futures were continuing to come under pressure; however, the MA on the RSI was starting to turn higher, warning sell side momentum was potentially slowing. Downside moves below USD 2,818 warned we had the potential to create a positive divergence on a new low, making USD 2,852 the key support to follow. The futures moved sideways for the remainder of the session before moving lower overnight. 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 2,901 with the RSI at or above 48.5 will mean price and momentum are 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 RSI is moving lower; however, its MA continues to rise at this point, suggesting sell side momentum is still potentially slowing. The technical is bearish neutral with key near-term support at USD 2,852, downside moves below USD 2,818 will create a positive divergence with the RSI, leaving us cautious on downside breakouts.

Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	22,620	R1	22,797		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 (41)
- Stochastic is below
- Price is below the daily pivot point USD 22,915
- Technically bearish yesterday with the USD 24,157 resistance level continuing to look vulnerable; however, we were conscious that the commodities complex was 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. The futures did open and trade lower for the session but remains above the USD 22,620 fractal support. 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 22,915 with the RSI at or above 46 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 futures closed just above the USD 22,620 support, warning it could be tested and broken on the open. However, a previously noted, a new low will create a positive divergence with the RSI, warning we have the potential to see a momentum slowdown on a new low, leaving us cautious on downside breakouts.

Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear	
S1	2,104	R1	2,122	RSI above 50	Stochastic overbought	
S2	2,100	R2				2,134
S3	2,093	R3				2,140

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 2,104
- Technically bullish yesterday, we had a neutral bias as the futures continued to consolidate in the triangle pattern with price needing to close outside of the pattern for directional bias. The futures have broken to the upside with price 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 2,104 with the RSI at or below 49.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 2,082 will support a bull argument, below this level the technical will have a neutral bias.
- The breakout is to the upside, meaning it is a reversal pattern and not a continuation pattern. The MA on the RSI would suggest momentum is supported, meaning resistance levels are now vulnerable.