

## China

'Candid' talks between the American and Chinese commerce chiefs on the countries' fractious trade relationship failed to lift the gloom

Car makers BYD and Great Wall Motor tanked, as the two traded barbs over emissions claims

Chinese stocks dropped to a five-month low as the market remained fixated on the sluggish economic recovery, while "candid" talks between the American and Chinese commerce chiefs on the countries' fractious trade relationship failed to lift the gloom.

The CSI 300 dropped 0.6 per cent to 3,828.06 at the noon trading break on Friday, the lowest since December 23. The Shanghai Composite Index retreated 0.1 per cent to 3,196.89, while the Shenzhen Composite Index declined 0.2 per cent to 2,002.16. (Bloomberg).

## Cu

Copper ticked higher toward the end of a jittery week of metals trading dominated by fears over fading economic momentum in top consumer China.

Metals from zinc to aluminum have tumbled this week as investors cool on the prospects for a robust recovery in Chinese demand, while copper is on track for its sixth weekly decline. One focus now is what actions Beijing will take to address growth headwinds and bring back confidence in the world's second-biggest economy.

Read more: [China Warnings Flash Across Global Markets as Growth Disappoints](#)

The People's Bank of China is expected to cut its reserve requirements for major banks earlier than expected, according to a Bloomberg survey of economists. The same survey also showed showed 2023 growth expectations easing. (Bloomberg).

# Copper Morning Technical (4-hour)



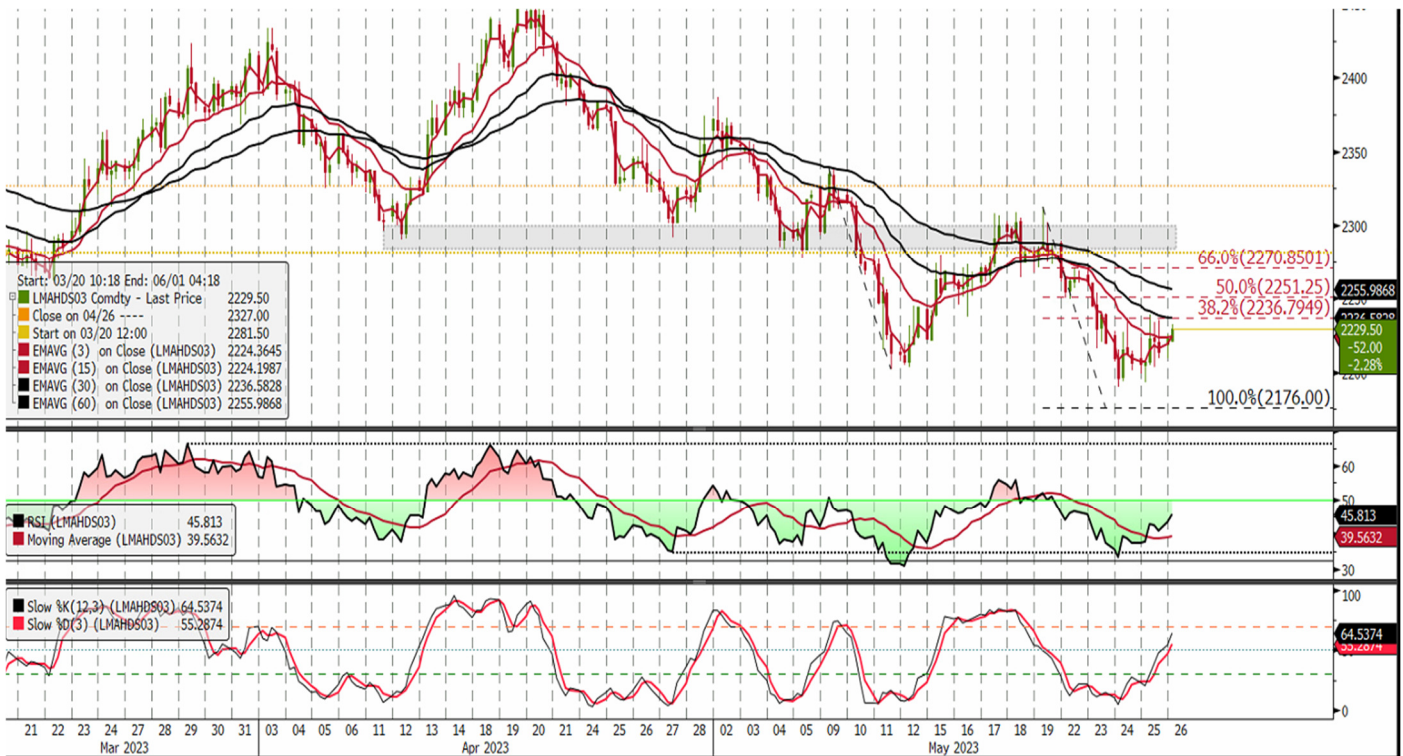
|    | Support | Resistance | Current Price | Bull | Bear         |
|----|---------|------------|---------------|------|--------------|
| S1 | 7,951   | R1         | 8,042         |      | RSI below 50 |
| S2 | 7,888   | R2         | 8,097         |      |              |
| S3 | 7,765   | R3         | 8,170         |      |              |

## Synopsis - Intraday

Source Bloomberg

- Price is below the EMA Resistance band (Black EMA's)
- RSI is below 50 (42)
- Price is above the daily pivot point USD 7,951
- Stochastic is above 50
- Technically bearish yesterday, we had a lower timeframe divergence in play that needed to be monitored, suggesting caution. However, a lower timeframe Elliott wave cycle (44 min) did warn that intraday upside moves still had the potential to be countertrend in the near-term. We did see a move to the upside with price now testing the base of the Fibonacci resistance zone. We remain below the EMA resistance band with the RSI below 50, intraday price and momentum are now aligned to the buyside.
- A close on the 4-hour candle below USD 7,951 with the RSI at or below 32.5 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 8,170 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- We remain bearish with the lower timeframe Elliott wave cycle (51 min candle) still suggesting that the current upside move looks to be countertrend, making USD 8,107 the key resistance to follow.

# Aluminium Morning Technical (4-hour)



|    | Support | Resistance | Current Price | Bull | Bear         |
|----|---------|------------|---------------|------|--------------|
| S1 | 2,176   | R1         | 2,229.5       |      | RSI below 50 |
| S2 | 2,139   | R2         |               |      |              |
| S3 | 2,107   | R3         |               |      |              |

## Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (45)
- Stochastic is above 50
- Price is above the daily pivot point USD 2,221
- Technically bearish, lower timeframe intraday Elliott wave analysis suggested that we had a potential downside target zone between USD 2,176 – USD 2,160. However, we were in divergence, the minimum requirement for completion on this phase of the cycle had been met. From a technical perspective, the futures are not considered a technical sell. We did see a move to the upside with price now at the base of the Fibonacci and EMA resistance zone, the RSI is still below 50 with price and momentum aligned to the buy side.
- A close on the 4-hour candle below USD 2,221 with the RSI at or below 37.5 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 2,270 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- We remain technically bearish with Elliott wave analysis still suggesting we have potentially one more test to the downside (Downside target zone between USD 2,176 – USD 2,160). However, as noted yesterday, price is moving higher on the back of a divergence with the minimum requirement for cycle/phase completion now met. For this reason, we do not consider the futures a technical sell at this point.

# Zinc Morning Technical (4-hour)



|    | Support | Resistance | Current Price | Bull | Bear         |
|----|---------|------------|---------------|------|--------------|
| S1 | 2,267   | R1         | 2,329         |      | RSI below 50 |
| S2 | 2,221   | R2         | 2,365         |      |              |
| S3 | 2,195   | R3         | 2,413         |      |              |

## Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (35)
- Stochastic is below 50
- Price is above the daily pivot point USD 2,267
- We remained unchanged on the technical yesterday. We were bearish with the Elliott wave cycle suggesting that upside moves should still be considered as countertrend, making USD 2,426 the key resistance to follow. The futures did find light buying support yesterday with price moving higher on the Asian open today. We remain below the EMA resistance band supported by the RSI below 50, but intraday price and momentum are now aligned to the buyside.
- A close on the 4-hour candle below USD 2,267 with the RSI at or below 24 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 2,413 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. Only above USD 2,515.5 is the technical bullish.
- Technically bearish, the current upside move looks to be countertrend, suggesting caution. There is a chance that this upside move is going to be a wave 4, of an extended wave 3. This would imply that if we do trade to a new low, upside moves will still be countertrend, key resistance to follow is at USD 2,413.

# Nickel Morning Technical (4-hour)



|    | Support | Resistance | Current Price | Bull | Bear         |        |
|----|---------|------------|---------------|------|--------------|--------|
| S1 | 21,211  | R1         | 21,300        |      | RSI below 50 |        |
| S2 | 19,910  | R2         |               |      |              | 22,775 |
| S3 | 19,315  | R3         |               |      |              | 23,400 |

## Synopsis - Intraday

Source Bloomberg

- Price is between/below the EMA resistance band (Black EMA's)
- RSI is below 50 (48)
- Stochastic is above 50
- Price is above the daily pivot point USD 21,211
- We were a cautious bear yesterday due to the futures remaining in divergence, Elliott wave analysis suggested we had a potential downside target at USD 18,179. The futures continue to move sideways with trading at the base of the EMA resistance band with the RSI below 50, intraday price and momentum are aligned to the buy side.
- A close on the 4-hour candle below USD 21,211 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 23,400 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically we are bearish; however, the futures are consolidating between USD 21,840 – USD 20,700, meaning intraday price action is less stable. For this reason, we will be taking a neutral view until a direction bias has been established.

# Lead Morning Technical (4-hour)



| Support | Resistance | Current Price | Bull | Bear         |
|---------|------------|---------------|------|--------------|
| S1      | 2,059      | 2,070         |      | RSI below 50 |
| S2      | 2,029      |               |      |              |
| S3      | 1,989      |               |      |              |
|         | R1         | 2,074         |      |              |
|         | R2         | 2,083         |      |              |
|         | R3         | 2,099         |      |              |

## Synopsis - Intraday

Source Bloomberg

- Price is between the EMA resistance band (Black EMA's)
- RSI is at 50 (49.75)
- Stochastic is above 50
- Price is above the daily pivot point USD 2,059
- We noted yesterday that the USD 2,035 fractal low was vulnerable, with intraday Elliott wave analysis suggesting we had a potential downside target at USD 2,013. However, a new low would create a positive divergence with the RSI, warning we could see a momentum slowdown. This needed to be monitored. The futures traded to a low of USD 2,027 which brought the divergence into play, resulting in market buyers pushing the futures up to a high of USD 2,078. Price is in 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 2,059 with the RSI at or below 41.5 will mean price and momentum are aligned to the sell side.
- The new low yesterday meant that key Fibonacci resistance dropped to USD 2,074. This level was breached on the subsequent upside move, the technical although bearish now has a neutral bias. The minimum requirement for phase/cycle completion has now been met, the upside move would suggest that we are no longer a technical sell, as resistance levels are starting to look vulnerable.