

## China

Morgan Stanley reduced its forecasts for China's economic growth into next year, citing weaker investment due to the property market slump and local government financial stress.

The investment bank now sees gross domestic product expanding 4.7% this year, down from an earlier projection of 5%. It also lowered next year's forecast to 4.2% from 4.5%, economists led by Robin Xing said in a research note on Wednesday.

The downgrades were due to "a steeper capex slowdown amid deleveraging in the property sector" and by local government financing vehicles, with knock-on effects on consumption, the economists said. "Roughly a tenth of the GDP cut is due to weaker exports," it said. (Bloomberg).

## Cu

Copper held near its lowest since late May as investors assessed the likelihood of more US central bank monetary tightening, coupled with growing risks in China's property sector that could further hurt demand.

Federal Reserve officials favor higher interest rates after seeing "significant upside risks to inflation," according to minutes of their July meeting released Wednesday. Further tightening could exacerbate already sluggish metals demand.

Meanwhile, existing-home prices in China have fallen at least 15% from highs in 2021 in prime neighborhoods of major cities including Shanghai and Shenzhen, as well as in more than half of the country's tier-2 and tier-3 cities. Construction-related metals have been impacted by the woes in the nation's property sector (Bloomberg).

# Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	8,132	R1	8,187	Stochastic oversold	RSI below 50
S2	8,034	R2	8,262		
S3	7,909	R3	8,307		

## Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (36)
- Price is below the daily pivot point USD 8,187
- Stochastic is oversold
- We remained in a bearish trend yesterday with the futures nearing the USD 8,132 target level. Very low timeframe wave analysis suggested we could potentially see one more test to the downside; however, due to the intraday divergence we were cautious, as downside moves have the potential to be limited in the near-term. The futures traded to a low of USD 8,120 on the open before finding light bid support, at this point, the downside move has been limited. 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 8,187 with the RSI at or above 40 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below 8,366 will leave the futures vulnerable to further tests to the downside.
- Technically bearish, the futures have now achieved our downside target (USD 8,132) with the RSI now in divergence with price. Not a buy signal, it is a warning that we could see a momentum slowdown, for this reason the futures are not considered a technical sell at these levels.

# Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,121	R1	2,140	Stochastic oversold	RSI below 50
S2	2,099	R2	2,164		
S3	2,088	R3	2,175		

## Synopsis - Intraday

Source Bloomberg

- Price is below the EMA Resistance band (Black EMA's)
- RSI is below 50 (37)
- Stochastic oversold
- Price is below the daily pivot point USD 2,140
- Technically bearish yesterday, the futures were in divergence with the RSI, warning we had the potential to see a momentum slowdown in the near-term. However, intraday Elliott wave analysis continued to suggest that upside moves should be considered as countertrend. Sideways action with a small test to the downside, the futures remain below all key moving averages with the RSI below 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle below USD 2,140 with the RSI at or below 35.5 will mean price and momentum are aligned to the sell side; likewise, a close above this level with the RSI at or above 40 will mean it is aligned to the buyside. Upside moves that fail at or below USD 2,189 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically unchanged, the futures remain in divergence warning we could see a momentum slowdown whilst intraday Elliott wave analysis continues to suggest that upside moves should be considered as countertrend at this point.

# Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,246	R1	2,294	Stochastic oversold	RSI below 50
S2	2,221	R2	2,351		
S3	2,209	R3	2,378		

## Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (29)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,294
- Technically bearish yesterday, the current wave lower was more than 161.8% the length of the previous wave, indicating the move was bearish impulse, implying upside moves should be considered as countertrend. However, lower timeframe momentum indicators were in divergence, implying we could see a momentum slowdown in the near-term. We had a small move lower before price consolidated for the bulk of the session. We remain below all key moving averages supported by the RSI below 50, intraday price and momentum are now conflicting.
- A close on the 4-hour candle below USD 2,294 with the RSI at or below 28 will mean price and momentum are aligned to the sell side; likewise, a close above this level with the RSI at or above 32.5 will mean it is aligned to the buyside. Upside moves that fail at or below USD 2,414 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically unchanged, we remain in a bearish trending environment with the lower timeframe RSI still in divergence, warning we could see a momentum slowdown. We maintain our view that upside moves should be considered as countertrend based on the strength of the current bear wave which is bearish impulse.

# Nickel Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	19,830	Stochastic oversold	RSI below 50
S2	R2			
S3	R3			

Source Bloomberg

## Synopsis - Intraday

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (38)
- Stochastic is oversold
- Price is below the pivot point USD 19,935
- Technically bearish yesterday, the divergence failure warned that this phase of the cycle looks to be extending to the downside, suggesting upside moves could potentially be countertrend. We remained cautious on downside moves due to a divergence on the lower timeframe technical. The futures are literally unchanged in price, we remain below the EMA resistance band with the RSI below 50, intraday price and momentum are now conflicting.
- A close on the 4-hour candle below USD 19,935 with the RSI at or below 36 will mean price and momentum are aligned to the sell side; likewise, a close above this level will mean it is aligned to the buyside. Upside moves that fail at or below 20,607 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish with price still in divergence on the lower timeframe, suggesting caution on downside breakouts. The upward spike in the morning session yesterday was potentially the intraday countertrend move that we had highlighted (admittedly it was short). For this reason, the futures are no longer considered a technical sell, as downside moves have the potential to be limited. From here.



# Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,119	R1	2,121		RSI below 50
S2	2,089	R2			
S3	2,078	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is between the EMA Resistance band (Black EMA's)
- RSI is below 50 (49)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,119
- Technically bearish with a neutral bias yesterday. The deep pullback meant the probability of the futures trading to a new low had decreased. A cautious bear as the technical had risen into neutral territory on the back of a positive divergence. The futures did have another test to the upside, but the move failed to hold; however, price remains above yesterday's levels. The futures are trading at the base of the EMA resistance band with the RSI neutral at 49, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 2,119 with the RSI at or below 44.5 will mean it is aligned to the sell side.
- Bearish with a neutral bias, the MA on the RSI does suggest that momentum is supported at this point, warning resistance levels are vulnerable.