

China

Chinese stocks eked out modest gains early Wednesday, following news that the nation's largest banks are preparing to cut interest rates on existing mortgages and deposits to shore up growth in the world's second-largest economy.

The CSI 300 Index climbed as much as 0.6%, set for the third day of advances. A gauge of mainland financial stocks fell amid persistent concerns about their margins. The benchmark for onshore stocks rose in the previous two sessions after authorities cut stamp duty for the first time since 2008 and placed curbs on share sales by major stakeholders, among other measures to boost investor confidence.

Big state-run lenders are planning to reduce rates on the majority of the nation's 38.6 trillion yuan (\$5.3 trillion) of outstanding mortgages, according to people familiar with the matter. Some major banks are poised to cut deposit rates later this week for the third time in a year, they said. The steps are the latest in a flurry of state-directed measures as authorities seek to arrest a slump in the market and reach the 5% economic growth goal. (Bloomberg).

Zn

China's refined zinc imports spiked to the highest level in more than four years after the country's stimulus measures supported domestic prices and made inbound shipments profitable.

Imports of refined zinc, used in galvanizing steel, rose to 76,797 tons in July, the highest since April 2019, according to Chinese customs data. Imports more than tripled in the year's first seven months from the same period in 2022. (Bloomberg)

Pb

LME lead opened at \$2,159/mt on Tuesday, and declined to a low of \$2,132/mt, weighed down by falling SHFE lead, but shot up to a high of \$2,194.5/mt at night session on weakening US dollar index, and finally closed up 1.13% at \$2,184.5/mt.

Overnight, SHFE 2310 lead contract opened at 16,185 yuan/mt, and rebounded to 16,300 yuan/mt with muted demand and cost factor against warrant inventory reduction, and finally closed up 0.55% at 16,310 yuan/mt. Open interest rose 922 lots to 104,000 lots (SMM)

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear	
S1	8,333	R1	8,418	RSI above 50	Stochastic overbought	
S2	8,292	R2				8,425
S3	8,237	R3				8,465
					8,494	

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (54)
- Price is below the daily pivot point USD 8,425
- Stochastic is overbought
- We remained bearish with a neutral bias yesterday with downside moves continuing to look like they could be countertrend. The MA on the RSI had turned lower, implying momentum was weak, meaning we needed to see price and momentum become aligned to the buyside to support a move higher, as support levels remained vulnerable. The futures have moved higher with price above the EMA support band, the RSI is above 50 with price and momentum aligned to the buyside, as the opening candle closed above the daily pivot point.
- A close on the 4-hour candle below USD 8,425 with the RSI at or below 52 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 8,237 will support a near-term bull argument, below this level the USD 8,120 fractal low will be vulnerable. We previously noted that the support level had held.
- The futures have failed to make a new high, meaning the technical remains bearish with a neutral bias. Lower timeframe Elliott wave analysis continues to suggest that the USD 8,465 fractal resistance is vulnerable. However, a new high looks like it could create a negative divergence with the RSI on the 1-hour chart, suggesting caution on upside breakouts, the MA on the RSI is also flat implying momentum is neutral. A cautious bull as upside moves could struggle to hold.

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,166	R1	2,172.5	RSI above 50	Stochastic overbought
S2	2,152	R2			
S3	2,140	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA Resistance band (Black EMA's)
- RSI is above 50 (52)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,166
- Technically bullish yesterday, the downside move had held above the 2,140 level, supporting a bull argument. The RSI was above 50 with the stochastic in oversold territory, momentum warned that resistance levels were vulnerable. However, we maintained our view that USD 2,202 could be an area of interest to market sellers based on the market profile chart. We had a small test to the downside followed by the futures finding light bid support, leaving the futures at yesterday levels. We remain above the EMA resistance band with the RSI above 50, intraday price and momentum are aligned to the buy side.
- A close on the 4-hour candle below USD 2,166 with the RSI at or below 47.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 2,140 will support a bull argument, below this level the technical will have a neutral bias.
- We remain technically bullish with the MA on the RSI starting to turn higher, meaning momentum is showing early signs of support; however, the EMA band is now flat, implying a lack of directional bias in the market. The technical needs to show more at this point, we are bullish, but not in a bull trend.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,429	R1	2,442	RSI above 50	Stochastic overbought
S2	2,378	R2			
S3	2,357	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (63)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,429
- Technically bearish yesterday, we had a neutral bias due to the strength of the upside move, the probability of the futures trading to a new low had decreased. The MA on the RSI did suggest that momentum remained supported; however, we had a negative divergence on the 1-hour technical that warned that we had the potential to see a momentum slowdown. For this reason, we were cautious on upside moves. A close on the 4-hour candle below USD 2,393.5 would be below the base of the last dominant bull candle, warning momentum based on price was starting to weaken. The futures continued to move higher with price now trading on the USD 2,442 Fibonacci resistance. Price is above the EMA support band (the averages have crossed) with the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 2,429 with the RSI at or below 58.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 2,327 will support a bull argument, below this level the USD 2,275 support will start to look vulnerable.
- Bearish with a neutral bias, the futures remain in divergence with the RSI on the 1-hour chart; not a sell signal it is a warning that we have the potential to see a momentum slowdown and will need to be monitored. For this reason, we remain cautious on upside moves as we have the potential to see an intraday technical pullback, making USD 2,327 the key support to follow.

Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	20,439	R1	20,630	RSI above 50	
S2	20,265	R2			
S3	19,970	R3			

Synopsis - Intraday

Source Bloomberg

- Price is on the EMA support band (Black EMA's)
- RSI is above 50 (50)
- Stochastic is oversold
- Price is below the daily pivot point USD 20,653
- Technically bullish, the futures were at an inflection point yesterday as the RSI was neutral at 50 with the stochastic in oversold territory, whilst price was testing key support. If the RSI could hold above 50, then momentum would warn that we had the potential to move higher. However, if we went below 50, and traded below the USD 20,439 support, then the probability of the futures trading to a new high would have decreased. The futures held support resulting in a small move higher; however, price has moved lower in the Asian session. We are now trading on the EMA support band with the RSI neutral at 50, intraday price and momentum, are aligned to the sell side.
- A close on the 4-hour candle above USD 20,653 with the RSI at or above 56 will mean price and momentum are aligned to the buyside. Downside move that hold at or above USD 20,439 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish with price in a corrective phase. The MA on the RSI is now bearish and acting as a resistance to the RSI, implying support levels are now vulnerable, meaning we now have a neutral view on the market. This is supported by a neutral RSI and a flat EMA band.

Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,175.5	R1	2,194	RSI above 50	Stochastic overbought
S2	2,170	R2	2,210		
S3	2,163	R3	2,232		

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (54)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,170
- Technically bearish yesterday, the MA on the RSI suggested that momentum is weak with upside moves considered as countertrend, making USD 2,175 the key resistance to follow. The futures held support resulting in price moving higher, a move that we had not anticipated. Price is 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 2,170 with the RSI at or below 51 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 2,153 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the new high into the close yesterday has created a negative divergence with the RSI, not a sell signal it is a warning that we have the potential to see a momentum slowdown. For this reason, the futures are not considered a technical buy at these levels. The intraday Elliott wave cycle is very unclear, it could be that we are looking at an irregular top formation, where the wave B has surpassed the high of the wave 5; however, due to the lack of clarity it means we are neutral on the wave cycle at this point.