

China

Chinese shares capped off the week with gains on Friday as sentiment was boosted by a private-sector survey showing that factory activity in China rebounded in August due to a renewed increase in demand.

The Shanghai Composite Index rose 0.4%, or 13.37 points, to 3,133.25. The Shenzhen Component Index edged up 0.4%, or 45.53 points, to 10,463.74. Both indices were back in positive territory after a brief sell-off on Thursday.

Sentiment recovered after the latest Caixin China General Manufacturing Purchasing Managers' Index, a gauge of activity in the manufacturing sector, **rose to 51 in August from 49.2 in July.** (Bloomberg).

base

Metals extended this week's gains after Beijing delivered a boost for China's property sector, while a private survey pointed to a pick-up in the country's manufacturing sector.

On Thursday, China allowed its largest cities to cut down-payments for homebuyers and encouraged lenders to lower rates on existing mortgages, the latest move to ease pressure on the property market. On Friday, the Caixin factory gauge for August unexpectedly returned to expansion territory.

These developments bolstered the recent positive mood across industrial commodities, as investors mull whether Beijing's targeted measures to arrest an economic slowdown are bearing fruit.

Copper will keep fluctuating at a high level as expectations for government stimulus dominate trading, Citic Futures Co. said in a note. Low copper inventories risk a supply squeeze as Chinese demand is set to rise in the coming peak season, it added. (Bloomberg)

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	8,463	R1	8,487.5	RSI above 50	Stochastic overbought
S2	8,428	R2			
S3	8,422	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (58)
- Price is above the daily pivot point USD 8,428
- Stochastic is overbought
- We remained bearish with a neutral bias yesterday, as the futures remained below the USD 8,494 fractal high. The futures had moved lower on the back of a negative divergence, warning support levels were vulnerable, whilst the MA on the RSI remained neutral. A close on the 4-hour candle below USD 8,418 would be below the low of the last dominant bull candle, warning the USD 8,376 support could be tested and broken. Likewise, failure to close below this level would mean we could still see the USD 8,494 fractal resistance broken. The futures traded below the USD 8,376 support and produced the bearish close on the 4-hour chart; however, the move became less technical after China allowed its largest cities to cut down-payments for homebuyers and encouraged lenders to lower rates on existing mortgages. This has been followed by a move higher on the Asian open after the Caixin factory gauge for august returned to expansion territory. Price is above the USD 8,494 resistance meaning the technical is bullish, we are also above all key moving averages with the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 8,428 with the RSI at or below 54 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 8,422 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the upside move to a new high is implying we are seeing some form of wave extension. However, the MA on the RSI remains neutral at this point with the 1-hour RSI in divergence with the original USD 8,465 high. For this reason, we are a cautious bull whilst the divergence is in play, despite the technical entering bullish territory.

Aluminium Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	2,116	2,237.5	RSI above 50	Stochastic overbought
S2	2,210			
S3	2,203			
R1	2,263			
R2	2,272			
R3	2,294			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (64)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,210
- Technically bullish yesterday, the futures were trading around the USD 2,202 level. This was a natural area of interest to market sellers based on the 30-day market profile chart, suggesting caution. If we did see the futures close above and hold above the USD 2,207 Fibonacci resistance, it would warn that the USD 2,224 and USD 2,245 resistance levels could come under pressure. Likewise, if the futures trade below and hold below the daily pivot level, then market sellers could look to test the USD 2,168 support. The futures traded above and closed above the USD 2,207 level yesterday before closing around the support level (closed USD 2,201 – support, USD 2,202). The futures have seen a strong move higher on the Asian open with price trading to a high of USD 2,260. 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 2,120 with the RSI at or below 57 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 2,185 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, price and the RSI are making new highs whilst the MA on the RSI is moving higher, suggesting downside moves should be considered as countertrend, making USD 2,185 the key support to follow.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,452	R1	2,490	RSI above 50	
S2	2,436	R2	2,519		
S3	2,416	R3	2,543		

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (62)
- Stochastic is above 50
- Price is above the daily pivot point USD 2,435
- We were technically bullish with a neutral bias yesterday, the RSI was below its moving average but the recent high on the RSI warned that the current downside moves was potentially countertrend, making USD 2,334 the key support to follow. We noted that the USD 2,391 USD 2,367 is an area of support on the market profile charts, warning we could struggle to test key support. We also highlighted that the daily technical was trading in its EMA resistance band, supporting the move lower; however, the daily MA on the RSI was starting to turn higher, implying we are seeing momentum support on the higher timeframe, warning we could yet see one more test to the upside within this phase of the intraday cycle. The futures traded to a low of USD 2,416.5 before moving higher this morning. 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 2,435 with the RSI at or below 59.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 2,436 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish with price now making new highs alongside the RSI. This would suggest that downside moves should be considered as countertrend. However, we have a 5-wave pattern higher which would suggest caution as it warns that we could potentially enter a corrective phase, this is supported by a negative divergence on the stochastic and on the 1-hour RSI. We are now a cautious bull as there are exhaustion patterns and signals in the market that need to be monitored.

Nickel Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	20,655	RSI above 50	
S2	R2			
S3	R3			

Synopsis - Intraday

Source Bloomberg

- Price is on the EMA support band (Black EMA's)
- RSI is above 50 (50)
- Stochastic is below 50
- Price is above the daily pivot point USD 20,421
- Technically bullish with a neutral bias yesterday, the MA on the RSI continued to suggest that momentum was weak, warning support levels remained vulnerable. We also highlighted that there was potentially a bearish head and shoulders pattern in play that needed to be monitored. Upside moves that closed above the USD 20,825 level would indicate that momentum based on price was increasing, warning resistance levels could start to come under pressure. The futures continued to move lower before finding bid support on the Asian open, price is trading on the EMA 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 20,421 with the RSI at or below 47 will mean price and momentum are aligned to the sell side.
- Technically bullish with a neutral bias, the RSI is now above its MA. If the futures trade above and close above the USD 20,825 level it will warn that momentum based on price is increasing, leaving resistance levels vulnerable. Note, the daily RSI is holding above its MA which is turning higher, implying higher timeframe momentum looks supported.

Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,221	R1	2,294	RSI above 50	Stochastic overbought
S2	2,209	R2	2,333		
S3	2,204	R3	2,371		

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (69)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,209
- Technically bullish but in a corrective phase yesterday, due to the futures moving lower on the back of a negative divergence, we maintained our view that price was not considered a technical buy, as support levels were starting to look vulnerable. We have seen a strong move higher in the futures with all divergences failing. 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 2,209 with the RSI at or below 57 will mean price and momentum are aligned to the sell side. Downside moves that gold at or above USD 2,181 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the strong move higher is supported by momentum indicators, meaning downside moves should now be considered as countertrend, making USD 2,181 the key support to follow.