

China

The PBOC isn't relaxing its relentless series of strong yuan fixings with today's USD/CNY set 967 pips below traders' estimate, while the actual rate remains below 7.18.

Meanwhile, sentiment for China stocks should get a boost as home transactions in China's biggest cities soared over the weekend following the loosening of mortgage rules last week. (Bloomberg).

Metals

Most base metals retreated after racking up a second weekly gain in the wake of Beijing's moves to ease stress in the struggling Chinese property market.

Prices for aluminum, zinc and nickel all moved lower on Monday, paring gains made on the back of stimulus measures announced by Beijing on Friday. Investors are assessing how the steps — including cutting down-payments and lowering rates on existing mortgages — will feed through to real estate activity.

Aluminum fell 0.8% to \$2,220.50 a ton by 12:03 p.m. Shanghai time on Monday, while zinc dropped 0.3% and nickel by 0.4%. Copper gained 0.3%

The LME Index of six base metals climbed 1.4% on Friday to reach the highest since Aug. 4

Lead retreated on the Shanghai Futures Exchange from its highest close since October 2019. The metal surged 4.6% on Friday, the biggest daily advance since 2017

Lead's gains came after open interest rose to a record high, while seasonal demand for lead batteries has kicked in, according to a website note from Guotai Junan Futures Co. (Bloomberg)

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	8,486	R1	8,593	RSI above 50	
S2	8,520	R2	8,667		
S3	8,421	R3	8,760		

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (57)
- Price is below the daily pivot point USD 8,510
- Stochastic is above 50
- Technically bullish on Friday, the upside move to a new high implied we were seeing some form of wave extension. However, the MA on the RSI remained neutral with the 1-hour RSI in divergence with the original USD 8,465 high. For this reason, we were a cautious bull whilst the divergence was in play, despite the technical entering bullish territory. The futures did trade to new highs, but the move failed to hold, resulting in a rejection candle on the 4-hour chart. The futures have opened with bid support meaning price is above all key moving averages, the RSI is above 50 with price and momentum aligned to the buy side, as the opening candle closed above the daily pivot point.
- A close on the 4-hour candle below USD 8,510 with the RSI at or below 55 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 8,450 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the intraday Elliott wave cycle is warning that we could still have one more test to the upside; however, if we do it is potentially the last in this phase of the cycle as a new high could create a negative divergence with the RSI, for this reason we maintain a cautious view on upside moves at this point.

Aluminium Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,214	RSI above 50	
S2	R2			
S3	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (56)
- Stochastic is above 50
- Price is below the daily pivot point USD 2,234
- Technically bullish last week, price and the RSI were making new highs whilst the MA on the RSI was moving higher, suggesting downside moves should be considered as countertrend, making USD 2,185 the key support to follow. The futures have entered a corrective phase, but price remains above the EMA support band with the RSI above 50, intraday price and momentum are now aligned to the sell side.
- A close on the 4-hour candle above USD 2,234 with the RSI at or above 63.5 will mean price and momentum are aligned to the buy 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, based on the RSI making a new high on Friday's open, we maintain our view that the current downside move looks like it will be potentially countertrend, making USD 2,185 the key support to follow. If broken, the pullback will be considered as deep meaning the probability of the futures trading to a new high will decrease.

Zinc Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,479	RSI above 50	
S2	R2			
S3	R3			

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 2,476
- Technically bullish on Friday with price making new highs alongside the RSI, suggesting that downside moves should be considered as countertrend. However, we had a 5-wave pattern higher which implied caution, as it warned that we could potentially enter a corrective phase, this was supported by a negative divergence on the stochastic and on the 1-hour RSI. We were a cautious bull as there were exhaustion patterns and signals in the market that needed to be monitored. The futures traded to a new high, but price is coming under light pressure on the Asian open. We remain 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 2,476 with the RSI at or below 61.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 2,448 will support a bull argument, below this level the technical will have a neutral bias.
- The technical remain bullish but continues to conflict as we have the 5-wave pattern and a lower timeframe divergence, warning we are seeing signs exhaustion. However, the 4-hour RSI has made a new high which would suggest this current move lower could be countertrend. Due to the conflict, although bullish we are taking a neutral view due to the lack of clarity on the technical.

Nickel Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	20,920	RSI above 50	Stochastic overbought
S2	R2			
S3	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (56)
- Stochastic is overbought
- Price is above the daily pivot point USD 20,821
- Technically bullish with a neutral bias on the last report, the RSI was above its MA; if the futures traded above and close above the USD 20,825 level, it would warn that momentum based on price was increasing, leaving resistance levels vulnerable. We noted that the daily RSI was holding above its MA which had turned higher, implying momentum looked supported on the higher timeframe. The futures did move higher with price producing a close above USD 20,825, meaning we are bullish and no longer have a neutral bias. Price is above all key moving averages supported by the RSI above 50, intraday price and momentum are aligned to the buy side.
- A close on the 4-hour candle below USD 20,821 with the RSI at or below 50 will mean price and momentum are aligned to the sell side. downside moves 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, the upside move and close above USD 20,825 on the intraday candle is warning that resistance levels are now vulnerable. The MA on the RSI on both the intraday and daily charts would suggest momentum is supported, making USD 20,439 the key level to follow.

Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,187	R1	2,220	RSI above 50	
S2	2,166	R2			
S3	2,132	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (55)
- Stochastic is below 50
- Price is below the daily pivot point USD 2,257
- Technically bullish on Friday, the strong move higher was supported by momentum indicators, meaning downside moves were considered as countertrend, making USD 2,181 the key support to follow. The futures have entered a corrective phase but remain above the EMA support band with the RSI above 50, intraday price and momentum are now aligned to the sell side.
- A close on the 4-hour candle above USD 2,257 with the RSI at or above 62.5 will mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 2,181 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, we maintain our view that the current corrective move looks to be countertrend, making USD 2,187 the key support to follow. If broken, the pullback will be considered as deep, meaning the probability of the futures trading to a new high will have decreased.