

## China

Chinese shares snapped a two-day winning streak as sentiment was dampened by the deceleration in China's services activity growth in August on the back of weak external demand, according to a private survey.

The Shanghai Composite Index, the main gauge of Chinese stocks fell 0.7%, or 22.69 points, to 3,154.37. The Shenzhen Component Index likewise edged down 0.7%, or 71.03 points, to 10,540.71.

Sentiment turned cautious after the Caixin China General Services Purchasing Managers' Index (PMI), a gauge of services conditions in China, slipped to 51.8 in August from 54.1 in July when the pace of growth accelerated.

It marked the lowest reading in the current eight-month streak of expansion. (Bloomberg).

## Metals

Metals prices are falling with a strong dollar and worries about more interest-rate hikes from the Federal Reserve spooking markets. Three-month copper is down 0.5% to \$8,407 a metric ton while aluminum is 0.2% lower at \$2,197 a ton. Gold meanwhile is down 0.2% to \$1,962.90 a troy ounce. "The macro mood is mixed," Peak Trading Research says in a note. Peak pointed to higher crude oil prices and equities rising but added that the U.S. dollar is "stubbornly strong." Bond markets are pricing a roughly 40% chance of additional rate hikes in 2023, Peak said, adding that "next week's CPI inflation data will shift those odds and move our commodity markets via the U.S. dollar and overall risk vibe." (Bloomberg)

# Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	8,421	R1	8,449.50	RSI above 50	
S2	8,373.5	R2			
S3	8,322	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is between the EMA support band (Black EMA's)
- RSI is above 50 (57)
- Price is below the daily pivot point USD 8,466
- Stochastic is oversold
- Technically bullish yesterday, the intraday Elliott wave cycle warned that we could still have one more test to the upside; however, if we did it would potentially be the last in this phase of the cycle, as a new high could create a negative divergence with the RSI, for this reason we maintained a cautious view on upside moves. The futures continued to move lower with price trading below the USD 8,450 level, meaning the technical although bullish now has a neutral bias. Price is between the EMA support band with the RSI above 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 8,466 with the RSI at or above 58 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 8,536 will leave the futures vulnerable to further tests to the downside, above this level the USD 8,599 high will become vulnerable.
- Technically bullish with a neutral bias, the depth of the pullback means that the probability of the futures trading to a new high has decreased. However, the RSI is above 50 with the stochastic in oversold territory, if the RSI can hold above 50, then momentum is warning that we could see another test to the upside, making USD 8,536 the key resistance to follow. Likewise, if the RSI moves below 50 then the stochastic becomes less relevant, at this point the USD 8,373 fractal support will start to become vulnerable.

# Aluminium Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	2,203	R1	2,212	RSI above 50
S2	2,185	R2	2,219	
S3	2,171	R3	2,227	

## Synopsis - Intraday

Source Bloomberg

- Price is between the EMA support band (Black EMA's)
- RSI is above 50 (51)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,212
- Technically bullish yesterday, based on the RSI making a new high on Friday's open, we maintained our view that the current downside move looked like it would 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. The futures remain in a corrective phase but above our key support level at this point. Price is between the EMA support band with the RSI above 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 2,212 with the RSI at or above 60 will mean price and momentum are aligned to the buyside. 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.
- We remain technically bullish with price in a corrective phase, the MA on the RSI is suggesting momentum is weak at this point whilst the upside move this morning rejected the daily pivot point. Countering this, the RSI remains above 50 with the stochastic in oversold territory, if the RSI can hold above 50 then momentum is warning that we could see a move higher. If the RSI moves below 50 then the stochastic will be considered as less relevant, warning that the USD 2,185 support could come under pressure. If broken, the pullback will be considered as deep, meaning the probability of the futures trading to a new high will decrease. The recent upside move in the RSI (last Friday) continues to suggest that the current move lower is potentially countertrend.

# Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,448	R1	2,519	RSI above 50	
S2	2,436	R2	2,543		
S3	2,416	R3	2,577		

## Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (61)
- Stochastic is above 50
- Price is above/on the daily pivot point USD 2,473
- The technical remained bullish but continued to conflict yesterday, as we had a 5-wave pattern higher alongside a lower timeframe divergence, warning there are signs exhaustion. However, the 4-hour RSI had made a new high which suggested that the current move lower could be countertrend. Due to the conflict, although bullish, we took a neutral view due to the lack of clarity on the technical. The futures have seen a small move lower, but price remains above all key moving averages supported by the RSI above 50, intraday price and momentum are now conflicting.
- A close on the 4-hour candle above USD 2,473 with the RSI at or above 67.5 will mean price and momentum are aligned to the buy side; likewise, a close below this level will mean it is 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.
- Technically unchanged, the futures remain in bullish territory with warning signs of exhaustion, as price is moving lower on the back of a negative divergence on the 1-hour chart alongside the 5-wave pattern higher. If we trade above USD 2,509.5 then we will in theory be looking at some form of Elliott wave extension; likewise, if the USD 2,448 support is broken, then the pullback is deep, implying that the probability of the futures trading to a new high will decrease. Like yesterday, we maintain a neutral view as the exhaustion signs continue to suggest that support levels could be vulnerable despite the new high in the RSI last week.

# Nickel Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	20,880	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 (54)
- Stochastic is overbought
- Price is below the daily pivot point USD 20,936
- Technically bullish yesterday, the upside move and close above USD 20,825 on the intraday candle warned that resistance levels were vulnerable. The MA on the RSI on both the intraday and daily charts also suggested that momentum was supported, making USD 20,439 the key level to follow. The futures traded to a high of USD 21,095 before entering a corrective phase this morning. Price is above the EMA support band with the RSI above 50, intraday price and momentum are aligned to the buyside, as the opening candle was above the daily pivot with the RSI above its MA. This is not the case now, but the candle remains open.
- A close on the 4-hour candle below USD 20,936 with the RSI at or below 52.5 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 based on the upside move to USD 21,125 on the 01/09. The MA on the RSI continues to suggest that momentum is supported; however, the RSI is now trading below the low made yesterday (04/04), on paper it is called a bullish hidden divergence, as price is showing underlying strength against momentum, warning we move higher. This is also an exhaustion pattern, as they often appear just before a correction (I.E. one more move higher), for this reason we now have a cautious view on upside moves as they could struggle to hold. We should note that this candle remains open at this point, if we move higher before the candle closes, then the RSI could close above yesterday's low, meaning the divergence pattern will not be in play.

# Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,187	R1	2,218	RSI above 50	
S2	2,166	R2	2,234		
S3	2,132	R3	2,347		

## Synopsis - Intraday

Source Bloomberg

- Price is between the EMA support band (Black EMA's)
- RSI is above 50 (50)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,218
- Technically bullish yesterday, we maintained our view that the current corrective move looked to be countertrend, making USD 2,187 the key support to follow. If broken, the pullback would be considered as deep, meaning the probability of the futures trading to a new high will have decreased. The futures continue to move lower, but price remains above key support. We are now trading in 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 2,218 with the RSI at or above 61 will mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 2,187 will support a bull argument, below this level the technical will have a neutral bias. Likewise, upside moves that fail at or below USD 2,264 will leave the futures vulnerable to further tests to the downside, above this level we target the USD 2,301 fractal high.
- Technically bullish but in a corrective phase, the RSI is neutral at 50 with the stochastic in oversold territory. If the RSI can hold above 50 then momentum is warning that we have the potential to move higher, this is supported by the Elliott wave cycle which is suggesting that the move lower is corrective not bearish. Countering this, the MA on the RSI has started to move lower, implying momentum is weakening. A move below USD 2,187 will be considered as deep, meaning the probability of the futures trading to a new high will have decreased.

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