

China

China's credit demand improved, deflationary pressures eased and the yuan rallied, adding to a recent trickle of signs that the economy and financial markets may be stabilizing after a sharp downturn.

The strong credit data published Monday showed recent steps to bolster the real estate market may be starting to lift household demand for mortgages, while corporate loans also picked up. The yuan gained after the central bank escalated its defense of the currency.

Those add to the encouraging signs from the weekend, with consumer prices returning to gains after a drop in July — albeit by the slimmest of margins. Factory-gate deflation also narrowed. (Bloomberg).

Metals

Copper, iron ore and other metals rallied as Chinese credit data aided sentiment and a drop in the dollar made commodities cheaper for many buyers.

China's aggregate financing, a broad measure of credit, expanded more than expected last month, a possible sign of stabilization in household demand for mortgages after authorities took steps to boost the property market.

A gauge of the dollar retreated from the highest level since March, helping to boost metals in general, with steel-making staple iron ore rising as much as 4.1%

Copper rose 1.4% to \$8,360 a ton on the London Metal Exchange as of 8:06 a.m. local time, while the Bloomberg Dollar Spot Index fell 0.5%. Nickel and zinc climbed 1.1% and aluminum advanced 1%. Iron ore surged 3.2% in Singapore. (Bloomberg).

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	8,261	R1	8,353	Stochastic oversold	RSI below 50
S2	8,253	R2	8,417		
S3	8,214	R3	8,496		

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (47)
- Price is above the daily pivot point USD 8,253
- Stochastic is oversold
- Technically bearish on Friday, the MA on the RSI continued to suggest that momentum was weak with lower time timeframe Elliott wave analysis suggesting that we had a potential downside target at USD 8,186. However, countering this, both the 4-hour and 1-hour charts were in divergence with the RSI, warning we had the potential to see a momentum slowdown. A cautious bear due to the divergences in play. The futures traded to a low of USD 8,213 before finding bid support on the Asian open. Price is below the EMA support band with the RSI below 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 8,253 with the RSI at or below 37.5 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 8,417 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. Likewise, downside moves that hold at or above 8,263 will support a near-term bull argument.
- Technically bearish, the 4-hour divergence has failed; however, price has moved higher on the lower timeframe divergence warning we have potentially seen this phase of the cycle complete, implying resistance levels are now vulnerable.

Aluminium Morning Technical (4-hour)



Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (44)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,182
- We remain bullish with a neutral bias on Friday; however, like copper we had a positive divergence on both the 1 and 4-hour charts, not a buy signal it did warn that we had the potential to see a momentum slow-down which needed to be monitored. Upside moves above used 2,197.5 would warn that momentum based on price was turning back to the buyside. Having traded to a low of USD 2,171 the futures have since found bid support with price closing above the USD 2,197.5 level. Price is above the EMA support band with the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 2,182 with the RSI at or below 46.5 will mean price and momentum are aligned to the sell side.
- The upside move in the futures means that the technical is back in bullish territory, whilst the new high in the RSI is warning that downside moves have the potential to be countertrend, suggesting the USD 2,219.5 resistance level is now vulnerable. Upside moves above USD this level will warn that the USD 2,260 fractal high could come under pressure. A close on the 4-hour candle below USD 2,195 would suggest that momentum based on price is starting to weaken, as the futures will be below the low of the last dominant bull candle.

Zinc Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,474	RSI above 50	
S2	R2			
S3	R3			

Synopsis - Intraday

Source Bloomberg

- Price is between the EMA support band (Black EMA's)
- RSI is above 50 (55)
- Stochastic is above 50
- Price is above the daily pivot point USD 2,445
- Technically bullish with a neutral bias last week, the MA on the RSI continued to suggest that momentum was weak; this was countered by the daily chart that suggested we had momentum support. We maintained a neutral view on the technical due to the lack of clarity on the Elliott wave cycle whilst momentum conflicted. The futures traded to a low of USD 2,406.5 resulting in a very low timeframe divergence and a move higher. Price is above the EMA support band with the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 2,445 with the RSI at or below 50.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 2,430 will support a near-term bull argument, below this level the USD 2,406.5 fractal support will be vulnerable.
- The futures have produced a 3-wave pattern lower with price trading up to the USD 2,474 level, warning resistance levels are now vulnerable. A move above USD 2,492.5 will mean the technical is bullish based on price, implying the USD 2,509.5 fractal high could come under pressure. The downside move on Friday means we are bearish; however, due to the upside move this morning, we now have a neutral bias. Key support to follow is at USD 2,430.

Nickel Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	20,175	20,435	Stochastic oversold	RSI below 50
S2	19,960			
S3	19,851			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (46)
- Stochastic is oversold
- Price is above the daily pivot point USD 20,175
- A small revision on the technical on Friday as the downside move below USD 20,270 meant we were bearish based on a lower low in the market; however, below USD 20,160 the futures would create a positive divergence with the RSI. Not a buy signal it warned that we had the potential to see a momentum slowdown on a new low, suggesting caution on downside breakouts. The Ma on the RSI implied that momentum remains weak, implying we could see the fractal low come under pressure in the near-term. The futures traded to a new low, but the move failed to hold, the subsequent upside moves means we are bearish but with neutral bias. Price is below the EMA resistance band with the RSI below 50, intraday price and momentum are now aligned to the buy side.
- A close on the 4-hour candle below USD 20,175 with the RSI at or below 38.5 will mean price and momentum are aligned to the sell side.
- Technically bearish with a neutral bias. Having moved higher on the back of the positive divergence with the RSI whilst breaking our key resistance, this would suggest that resistance levels are now vulnerable. Above USD 20,610 the technical will be bullish based on price.

Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,219	R1	2,264	RSI above 50	
S2	2,200	R2	2,277		
S3	2,187	R3	2,301		

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (58)
- Stochastic is above 50
- Price is above the daily pivot point USD 2,219
- Technically bullish with intraday Elliott wave analysis suggesting downside moves should be considered as countertrend on Friday. Price was in the EMA support band with the RSI just above 50, if we moved below 50 then we could see the USD 2,187 support come under pressure. That RSI held above 50 resulting in the futures moving higher. Price is above the EMA support band with the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 2,219 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 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.
- Technically bullish, having held the EMA support band the USD 2,264 resistance is now vulnerable, if broken the USD 2,301 fractal high could come under pressure. Key support remains unchanged at USD 2,187 with intraday Elliott wave analysis continuing to suggest downside moves should be considered as countertrend at this point.