

China

Chinese shares closed weak on Tuesday as sentiment was dampened by economists' move to cut their GDP growth forecast for China despite the recent signs of economic stabilization.

The Shanghai Composite Index, the main gauge of Chinese stocks, fell 0.2%, or 5.72 points, to 3,137.06. The Shenzhen Component Index edged down marginally to 10,373.99. Both indices were back in negative territory after a brief breather on Monday.

Investors exercised caution as the mean consensus forecast for China's GDP growth was revised down from 5.5% to 5% in the latest survey of 76 analysts conducted by Reuters.

"The primary culprit is the property sector. This source of growth has now evaporated and won't be coming back," Julian Evans-Pritchard, head of China economics at Capital Economics in Singapore, was quoted by Reuters as saying.

"We have long been more bearish than most...but even we have been surprised by the speed at which growth has declined. The deceleration probably still has further to run." (Bloomberg).

Copper

Copper held gains and other industrial metals were flat to lower as concerns around China's ailing property sector were offset by sentiment-boosting gains in the local currency.

The metal rose 1.9% on Monday, the most since late July, after better-than-expected Chinese credit data and a sharp rebound in the yuan. Still, concerns around the nation's property sector reemerged on Tuesday after holders of yuan bonds issued by Sino-Ocean Capital rejected a motion to extend the principal and interest payment, a further signal that investor sentiment remains bleak despite recent support measures by the authorities.

Investors are waiting for the Chinese stimulus to feed into physical copper demand during the coming two months, Guangzhou Futures Co. said in a note. (Bloomberg).

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	8,356	R1	8,417	RSI above 50	Stochastic overbought
S2	8,348	R2	8,446		
S3	8,322	R3	8,496		

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA resistance band (Black EMA's)
- RSI is above 50 (42)
- Price is above the daily pivot point USD 8,356
- Stochastic is overbought
- Technically bearish yesterday. The 4-hour divergence had failed with price had moved higher on the lower timeframe divergence, warning we had potentially seen this phase of the cycle complete, implying resistance levels were vulnerable. The futures continued to move higher with price above the EMA resistance band whilst the RSI is above 50, intraday price and momentum are aligned to the buy side.
- A close on the 4-hour candle below USD 8,356 with the RSI at or below 42 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 8,287 will support a near-term bull argument, below this level the USD 8,213 fractal low will start to look vulnerable.
- The upside move above USD 8,417 yesterday means that the pullback is considered as deep, implying that the probability of the futures trading to a new low has decreased, the technical, although bearish now has a neutral bias. The MA on the RSI would suggest that momentum is supported at this point, warning resistance levels should hold if tested.

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,185	R1	2,205	RSI above 50	Stochastic overbought
S2	2,171	R2			
S3	2,147	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (53)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,199
- The upside move in the futures yesterday meant that the technical was back in bullish territory, whilst the new high on the RSI warned that downside moves had the potential to be countertrend, suggesting the USD 2,219.5 resistance level was vulnerable. Upside moves above this level would 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 was starting to weaken, as the futures would be below the low of the last dominant bull candle. Sideways action in the last 24-hours, the futures remain 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 2,199 with the RSI at or below 48 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 2,185 will support a near-term bull argument, below this level the pullback would be considered as deep, warning that the USD 2,171 fractal low could be tested and broken.
- The MA on the RSI is warning that momentum is supported with the futures back in bullish territory. The RSI has also made a new high, suggesting support levels could hold if tested. Key resistance to follow is at USD 2,219.5, if broken it will leave the USD 2,260 level vulnerable, as we currently have a 3-wave pattern lower.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,491	R1	2,511.5	RSI above 50	Stochastic overbought
S2	2,486	R2			
S3	2,471	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (61)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,491
- The futures had produced a 3-wave pattern lower with price trading up to the USD 2,474 level yesterday, warning resistance levels were vulnerable. A move above USD 2,492.5 would mean the technical was bullish based on price, implying the USD 2,509.5 fractal high could come under pressure. The downside move on Friday meant we are bearish; however, due to the upside move yesterday morning, we had a neutral bias. Key support to follow was at USD 2,430. The futures did trade to a new high, 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 2,491 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 2,450 will support a bull argument, below this level technical will have a neutral bias.
- Technically bullish, Fibonacci projection levels would suggest we have the potential to trade as high as USD 2,557. However, the new high means that the futures are in divergence with the RSI, not a sell signal, it is a warning that we have the potential to see a momentum slowdown and will need to be monitored. A cautious bull.

Nickel Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	20,160		RSI below 50
S2	R2			
S3	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (41)
- Stochastic is oversold
- Price is below the daily pivot point USD 20,341
- Technically bearish with a neutral bias yesterday. Having moved higher on the back of the positive divergence with the RSI the futures broke our key resistance, suggesting that resistance levels were vulnerable. Above USD 20,610 the technical would be bullish based on price. The futures traded to a high of USD 20,580 with price opening steady in the Asian session; however, in the last hour the futures have dropped around USD 300. Price is below the EMAS resistance band with the RSI below 50, intraday price and momentum are now conflicting.
- A close on the 4-hour candle below USD 20,341 with the RSI at or below 39.5 will mean price and momentum are aligned to the sell side; likewise, a close above this level will mean it is aligned to the buy side.
- Technically bearish, downside moves below USD 19,960 could potentially create a positive divergence with the RSI, suggesting caution on a new low. The futures had moved higher on the back of a positive divergence with resistance levels looking like they could be tested and broken. At this point there is no news on the wire, so one has to assume that we are looking at some form of wave extension to the downside, which from a technical perspective I did not see.

Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,200	R1	2,235	RSI above 50	Stochastic oversold
S2	2,187	R2			
S3	2,166	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 2,238
- Technically bullish yesterday, having held the EMA support band the USD 2,264 resistance was vulnerable, if broken the USD 2,301 fractal high could come under pressure. Key support remained unchanged at USD 2,187 with intraday Elliott wave analysis continuing to suggest downside moves should be considered as countertrend. The futures traded to a high of USD 2,252 before producing a light pullback on the Asian open. Price is above the EMA support band with the RSI above 50, intraday price and momentum are aligned to the buy side, as the opening candle closed above the daily pivot point.
- A close on the 4-hour candle below USD 2,238 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 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.
- The intraday Elliott wave cycle would suggest that downside moves should be considered as countertrend. However, the futures are moving lower having failed to trade above the USD 2,264 resistance, suggesting caution at this point, as support levels continue to remain vulnerable below this level.