

China

China's struggle with a weak yuan extends far beyond how it trades against the dollar.

The People's Bank of China has been supporting the yuan versus 23 trading partners' exchange rates — including the euro, yen and pound — with its daily fixings against these currencies since mid-August, according to calculations by Bloomberg. That has resulted in the stabilization of an official gauge measuring the yuan's value versus peers.

Traders have sold the yuan this year as disappointing economic data and turmoil in the real estate sector spurred the central bank to cut interest rates. As its monetary policy diverges with the rest of the world and weakens its currency, Chinese officials have to weigh how that may lead to capital outflows as confidence weakens.

While there has been less attention on the PBOC's efforts to prop up the currency against other major peers, it seems to be working. The trade-weighted basket has gained about 1.2% since the end of July, while the onshore yuan has weakened around 2% versus the greenback during the period. (Bloomberg).

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear	
S1	8,348	R1	8,362.5		Stochastic overbought	
S2	8,322	R2				8,417
S3	8,287	R3				8,446

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (48)
- Price is below the daily pivot point USD 8,390
- Stochastic is overbought
- We had previously seen the futures trade above the USD 8,417 level, meaning that the pullback was considered as deep, implying that the probability of the futures trading to a new low had decreased. The technical, although bearish had a neutral bias. The MA on the RSI suggested that momentum was supported, warning support levels should hold if tested. The futures have entered a corrective phase on the back of a stronger USD, resulting in the futures trading below the EMA support band, the RSI is below 50 with intraday price and momentum now conflicting.
- A close on the 4-hour candle below USD 8,390 with the RSI at or below 47 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. 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.
- Technically bearish with a neutral bias, the MA on the RSI continues to suggest that momentum is supported at this point, making USD 8,287 the key level to follow. Based on momentum and the strength of the recent upside move, we maintain our view that support levels should hold if tested.

Aluminium Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,195	RSI above 50	
S2	R2			
S3	R3			

Synopsis - Intraday

Source Bloomberg

- Price is between the EMA support band (Black EMA's)
- RSI is at 50 (50)
- Stochastic is above 50
- Price is below the daily pivot point USD 2,198
- The MA on the RSI warned that momentum was supported yesterday with the futures back in bullish territory. The RSI had made a new high, suggesting support levels could hold if tested. Key resistance to follow was at USD 2,219.5, if broken it would leave the USD 2,260 level vulnerable, as we currently had a 3-wave pattern lower. The futures have traded lower but the failed to trade below the USD 2,185 support; however, we are now trading in the EMA support band with the RSI neutral at 50, intraday price and momentum are also conflicting.
- A close on the 4-hour candle below USD 2,198 with the RSI at or below 49.5 will mean price and momentum are aligned to the sell side. Likewise, a close above this level with the RSI at or above 54 will mean it is aligned to the buyside. 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.
- Technically bullish, the RSI is below its MA, but the MA continues to warn that momentum is supported at this point. The EMA band is flat, the RSI is at 50 with price and momentum conflicting. The market is bullish based on price, but we have a lot of neutral signals at this point, meaning we are not in a trending environment. In theory, resistance levels are vulnerable, in reality, the market looks like it is finding value.

Zinc Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,476	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 (52)
- Stochastic is above 50
- Price is below the daily pivot point USD 2,490
- A cautious bull yesterday as the futures were in divergence with the RSI, warning we had the potential to see a momentum slowdown. Using Fibonacci projection levels, we noted that we had the potential to trade as high as USD 2,557. The futures have entered a corrective phase, but we remain above the EMA support band, the RSI is above 50 with price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 2,490 with the RSI at or above 58 will mean price and momentum are aligned to the buyside. 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, the futures are pulling back on the negative divergence, making USD 2,450 the key support to follow on the technical. If broken, the probability of the futures trading to a new high will decrease. A cautious bull

Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	19,720	R1	19,875	Stochastic oversold	RSI below 50
S2	19,700	R2			
S3	19,487	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (38)
- Stochastic is oversold
- Price is below the daily pivot point USD 20,063
- The futures caught me a by surprise with the downside moves yesterday, as I had not seen that there was an Elliott wave extension in play. We have now traded below the USD 19,960 fractal support with price below all key moving average. The RSI is below 50 with price and momentum aligned to the sell side.
- A close on the 4-hour candle above USD 20,063 with the RSI at or above 43 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 20,289 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, the futures are now testing Fibonacci support whilst the RSI is in divergence with price. Not a buy signal, it does warn we have the potential to see a momentum slowdown. For this reason, we remain a cautious bear at this point.

Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,187	R1	2,210	Stochastic oversold	RSI below 50
S2	2,166	R2			
S3	2,132	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (47)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,226
- Yesterday, the intraday Elliott wave cycle suggested that downside moves should be considered as counter-trend. However, the futures were moving lower having failed to trade above the USD 2,264 resistance, suggesting caution, as support levels continued to remain vulnerable below this level. The futures traded to a low of USD 2,202 with price now below the EMA support band, the RSI is below 50 with intraday price and momentum aligned to the sell side.
- A close on the 4-hour candle above USD 2,226 with the RSI at or above 56 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.
- The Futures have rejected the upside resistance, meaning the USD 2,187 support is now vulnerable. This level needs to hold, if it doesn't, then the probability of the futures trading to a new high will decrease. The MA on the RSI is flat, meaning momentum is neutral.

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