

China

China's economy picked up steam in August as a summer travel boom and a heftier stimulus push boosted consumer spending and factory output, adding to nascent signs of stabilization.

Industrial production and retail sales growth jumped last month from a year earlier, blowing past expectations, while the urban jobless rate eased slightly. That improvement came as the government has in recent weeks beefed up pro-growth measures, including plans to spur more spending on home goods and ease curbs on some housing purchases.

"Perhaps the peak pessimism is behind us," said Ding Shuang, chief economist for greater China and North Asia at Standard Chartered Plc. "August's data indicates that the economy is unlikely to suffer from a persisting, deeper downturn going forward even though there might still be some volatility ahead — especially if we take into account the policy factor." (Bloomberg).

Metals

China's economy picked up steam in August as a summer travel boom and a heftier stimulus push boosted consumer spending and factory output, adding to nascent signs of stabilization.

Industrial production and retail sales growth jumped last month from a year earlier, blowing past expectations, while the urban jobless rate eased slightly. That improvement came as the government has in recent weeks beefed up pro-growth measures, including plans to spur more spending on home goods and ease curbs on some housing purchases.

"Perhaps the peak pessimism is behind us," said Ding Shuang, chief economist for greater China and North Asia at Standard Chartered Plc. "August's data indicates that the economy is unlikely to suffer from a persisting, deeper downturn going forward even though there might still be some volatility ahead — especially if we take into account the policy factor." (Bloomberg intelligence)

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	8,431	R1	8,516	RSI above 50	Stochastic overbought
S2	8,447	R2	8,599		
S3	8,429	R3	8,608		

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (58)
- Price is above the daily pivot point USD 8,431
- Stochastic is overbought
- Technically bearish with a neutral bias yesterday, the futures had held the support zone with price looking like it could be rolling over to the buyside. The RSI was above 50 and holding its MA support; however, we could see that the MA had started to flatten a little. Based on the price movement we maintained our view that resistance levels continued to look vulnerable. The futures have traded to a new high, meaning the technical is bullish based on price. We are now above the EMA support band (the averages have now crossed) with the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 8,431 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 8,404 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish based on price having made a higher high. The MA on the 4-hour RSI would suggest that we have momentum support; however, the upside move on the 1-hour and 30 min charts are now in divergence with the RSI. Not a sell signal, it is a warning that we have the potential to see a momentum slow-down and will need to be monitored. Bullish based on price, the lower-timeframe divergence would suggest that the futures are not a technical buy at his point, as support levels are starting to look vulnerable.

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,217	R1	2,221.5	RSI above 50	Stochastic overbought
S2	2,203.5	R2			
S3	2,186.5	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (55)
- Stochastic is overbought
- Price is on the daily pivot point USD 2,221
- Technically bullish with price and the RSI making new highs yesterday. This suggested that resistance levels were vulnerable, implying support levels should hold if tested in the near-term. Key support was at USD 2,197, below this level the probability of the futures trading to a new high will decrease. The futures continued to move higher with price trading up to USD 2,239 before entering into a corrective phase. 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 2,221 with the RSI at or below 53.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 2,203.5 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish based on price with the MA on the RSI suggesting momentum is supported. However, this is a 3-wave pattern higher that is in divergence on the 30 min chart. The divergence is marginal, but this does warn that we could be vulnerable to a technical pullback here, suggesting caution as the USD 2,203.5 support could come under pressure. If it is broken, then the probability of the futures trading to a new high will decrease.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,557	R1	2,598	RSI above 50	Stochastic overbought
S2	2,547	R2	2,650		
S3	2,512	R3	2,716		

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (64)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,557
- Technically bullish yesterday, the futures were just below our potential upside target with the negative divergence still in play. We were a cautious bull; however, we did not consider the futures a technical buy at these levels. The futures traded to a high of USD 2,595 before seeing a small pullback into the close. 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 2,557 with the RSI at or below 60.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 2,512 will support a bull argument, below this level the technical will have a neutral bias.
- We are technically bullish with the futures trading higher than expected yesterday; however, we remain in divergence, it is marginal but still in play. For this reason, we maintain our view that the futures are not considered a technical buy until we see a divergence failure.

Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	20,208	R1	20,580		Stochastic overbought
S2	20,095	R2	20,840		
S3	19,941	R3	21,062		

Synopsis - Intraday

Source Bloomberg

- Price is between the EMA resistance band (Black EMA's)
- RSI is at 50 (50)
- Stochastic is overbought
- Price is above the daily pivot point USD 20,291
- Technically we remained bearish yesterday as the futures were yet to trade above the USD 20,251 resistance (high USD 20,250). However, we had rallied on the back of a positive divergence with the RSI having failed to close below the 61.8% Fibonacci projection level at USD 19,720. For this reason, the futures were not considered a technical sell, as resistance levels look like they could come under pressure. The futures traded to a high of USD 20,575 before correcting into the close. Price is between the EMA resistance band with the RSI neutral at 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 20,291 with the RSI at or below 43.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 19,941 will support a near-term bull argument, below this level the USD 19,615 fractal low will start to look vulnerable.
- Technically we are bearish but now have a neutral bias based on the strength of the upside move, the probability of the futures trading to a new low has decreased. We have conflicting momentum signals as the MA on the RSI would suggest that momentum is supported; however, the RSI is neutral at 50 with the stochastic in overbought territory. If the RSI moves below 50 then momentum will be vulnerable to a test to the downside, making USD 19,941 the key support to follow. Likewise, if the RSI holds above 50, then the stochastic will be considered as less relevant. Based on the strength of the upside move, alongside the RSI trading above the high from the 11/09, we maintain our view that resistance levels remain vulnerable.

Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,200	R1	2,256	RSI above 50	Stochastic overbought
S2	2,187	R2			
S3	2,166	R3			

Synopsis - Intraday

Source Bloomberg

- Price is between the EMA support band (Black EMA's)
- RSI is at 50 (57)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,235
- Technically we were still bullish yesterday; however, the MA on the RSI was in the early stages of turning lower, warning momentum could potentially weaken. Key support remained unchanged, market bulls would need to defend the USD 2,187 level, otherwise the probability of the futures trading to a new high would decrease. If the RSI could move above and hold above the 50 level then momentum would warn that resistance levels could come under pressure, as the stochastic was oversold. The futures held above the USD 2,187 level with the RSI moving above 50, resulting in a move higher. 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 2,235 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 2,187 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the futures have breached the USD 2,264 resistance on the open with the RSI making a new high. This would suggest that the USD 2,301 fractal high is starting to look vulnerable, and warns that downside moves could potentially be countertrend.