

China

For currency speculators around the world, the trade has long been a no-brainer: simply borrow yen, which costs nothing because of sub-zero interest rates in Japan, and then park the money anywhere yields are higher, earning a tidy profit from the difference.

But now, a surprising low-cost alternative to the Japanese currency has started to emerge — this time from China. In the past month, Invesco, Goldman Sachs, Citigroup and TD Securities all recommended the yuan as an attractive option for funding so-called carry trades as it weakens toward historical lows.

While the cost to borrow Chinese currency in overseas markets has jumped in recent days as policymakers in Beijing work hard to defend the currency and fend off speculators, proponents of the yuan carry trade are undeterred. They say their stance has as much to do with the diverging fortunes of Asia's two largest economies as it does with cold, hard profits or diversifying risk. (Bloomberg).

AI

For currency speculators around the world, the trade has long been a no-brainer: simply borrow yen, which costs nothing because of sub-zero interest rates in Japan, and then park the money anywhere yields are higher, earning a tidy profit from the difference.

But now, a surprising low-cost alternative to the Japanese currency has started to emerge — this time from China. In the past month, Invesco, Goldman Sachs, Citigroup and TD Securities all recommended the yuan as an attractive option for funding so-called carry trades as it weakens toward historical lows.

While the cost to borrow Chinese currency in overseas markets has jumped in recent days as policymakers in Beijing work hard to defend the currency and fend off speculators, proponents of the yuan carry trade are undeterred. They say their stance has as much to do with the diverging fortunes of Asia's two largest economies as it does with cold, hard profits or diversifying risk. (SMM)

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	8,384	R1	8,434	RSI above 50	
S2	8,351	R2	8,465		
S3	8,213	R3	8,507.5		

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (50)
- Price is below the daily pivot point USD 8,434
- Stochastic is below 50
- Technically bullish based on price having made a higher high on Friday. The MA on the 4-hour RSI suggested that we had momentum support; however, due to the upside move, both the 1-hour-and 30-min charts were in divergence with the RSI. Not a sell signal, it warned that we had the potential to see a momentum slowdown which needed to be monitored. Bullish based on price, the lower-timeframe divergence suggested that the futures were not a technical buy, as support levels were starting to look vulnerable. The futures have moved lower with price trading below the USD 8,431 level, meaning we now have a neutral bias due to the depth of the pullback. We remain above 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 8,434 with the RSI at or above 56 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 8,465 will leave the futures vulnerable to further tests to the downside, above this level the USD 8,507.5 fractal high becomes vulnerable.
- Technically bullish, we now have a neutral bias due to the pullback, meaning the probability of the futures trading to a new high has decreased. the Longer-term technical (Elliott wave) looks to be bearish neutral with price in a large symmetrical triangle. For more information on the daily chart please follow the link to see Fridays technical. Copper Rolling 3-month Technical 15/9/23 <https://fisapp.com/wp-content/uploads/2023/09/FIS-Copper-Technica15-09-23.pdf>

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,183	R1	2,187	Stochastic oversold	RSI below 50
S2	2,169	R2			
S3	2,150	R3			

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 2,194
- Technically bullish based on price on Friday with the MA on the RSI suggesting momentum was supported. However, we had a 3-wave pattern higher that was in divergence on the 30 min chart. The divergence was marginal, but it did warn that we could be vulnerable to a technical pullback, suggesting caution as the USD 2,203.5 support could come under pressure. If it was broken, then the probability of the futures trading to a new high will decrease. The futures did move lower with price trading below the USD 2,203.5 and the USD 2,186.5 support levels, meaning the technical is now bearish. Price is below the EMA support band with the RSI below 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 2,194 with the RSI at or above 56 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 2,220 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, the MA on the RSI is turning lower, implying momentum is weakening whilst the RSI has made a new low, suggesting upside moves have the potential to be countertrend at this point.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,496	R1	2,534	RSI above 50	
S2	2,469	R2	2,565		
S3	2,435	R3	2,595		

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (52)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,534
- We were technically bullish with the futures trading higher than expected on Friday; however, we remained in divergence, it was marginal but still in play. For this reason, we maintained our view that the futures are not considered a technical buy until we witnessed a divergence failure. The futures have entered a corrective phase with price trading below the USD 2,512 support on the open, meaning the technical although bullish based on price now has a neutral bias. We remain above 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 2,534 with the RSI at or above 64 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 2,565 will leave the futures vulnerable to further tests to the downside, above this level we target the USD 2,595 fractal high.
- Technically bullish with a neutral bias. We have conflicting indicators in play at this point. The MA on the RSI would suggest that momentum is weak, but the RSI is above 50 with the stochastic in oversold territory, if the RSI holds above 50 then momentum is warning that we could move higher. Likewise, the move higher from mid-August has lower timeframe momentum (168 min chart) in bullish territory, but the 33 min momentum chart has a negative divergence. The conflict suggests neutrality; however, we should note that the Elliott wave cycle has upside moves as countertrend (dating back to the 25/05/23) making me wonder if this is just a very large double 3 corrective pattern higher (speculative, not investment advice). We do have a neutral view but are cautious on upside moves now, as the longer-term pattern analysis does not look like it is bullish impulse.

Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	19,707	R1	19,910		RSI below 50
S2	19,502	R2			
S3	19,211	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (42)
- Stochastic is below 50
- Price is below the daily pivot point USD 20,058
- Technically we were bearish but had a neutral bias based on the strength of the upside move on Friday, the probability of the futures trading to a new low had decreased. We had conflicting momentum signals as the MA on the RSI suggested that momentum was supported; however, the RSI was neutral at 50 with the stochastic in overbought territory. If the RSI moved below 50 then momentum would be vulnerable to a test to the downside, making USD 19,941 the key support to follow. Likewise, if the RSI held 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 maintained our view that resistance levels remain vulnerable. The futures have failed to make a new high resulting in a move lower with price breaching the USD 19,941 support, meaning we are bearish based on price. The futures are below the EMA resistance band with the RSI below 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 20,058 with the RSI at or above 49.5 will mean price and momentum are aligned to the buy side. Upside moves that fail at or below USD 20,316 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, we had not foreseen the move lower back into bearish territory, as the downside cycle looked like it had completed. For this reason, although bearish, we now have a neutral bias, as the technical and the wave cycle are conflicting.

Lead Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,258	RSI above 50	Stochastic overbought
S2	R2			
S3	R3			

Synopsis - Intraday

Source Bloomberg

- Price is between the EMA support band (Black EMA's)
- RSI is above 50 (57)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,255
- Technically bullish last week, the futures had breached the USD 2,264 resistance on the open with the RSI making a new high. This suggested that the USD 2,301 fractal high was starting to look vulnerable, warning that downside moves could potentially be countertrend. The futures traded down to but held the EMA support band resulting in price trading back up to Friday's levels. The RSI is above 50 but price but price and momentum are conflicting, as the opening candle closed below the daily pivot level.
- A close on the 4-hour candle below USD 2,255 with the RSI at or below 43 will mean price and momentum are aligned to the sell side; likewise, a close above this level will mean it is 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.
- Technically unchanged from last week, we remain bullish with the upside moves suggesting that resistance levels are vulnerable.