

China

China is considering raising its budget deficit for 2023 as the government prepares to unleash a new round of stimulus to help the economy meet the official growth target, according to people familiar with the matter.

Policymakers are weighing the issuance of at least 1 trillion yuan (\$137 billion) of additional sovereign debt for spending on infrastructure such as water conservancy projects, said the people, asking not be identified discussing a private matter. That could raise this year's budget deficit to well above the 3% cap set in March, one of the people said. An announcement may come as early as this month, another person said, though deliberations are ongoing and the government's plans could change.

The discussions underscore mounting concerns among China's top leadership over the trajectory of the world's second-largest economy and how growth compares to the US. It would also mark a shift in Beijing's stance as the government has so far avoided broader fiscal stimulus despite a deepening property crisis and rising deflationary pressure that have put the growth goal of around 5% for the year at risk. (Bloomberg)

Metals

Industrial metals steadied — with zinc rising from its lowest level in a month — as demand prospects were boosted by a report saying China may roll out more measures to ease its economic slowdown.

Beijing is considering issuing at least 1 trillion yuan (\$137 billion) of sovereign debt to back spending on infrastructure projects, Bloomberg News reported on Tuesday. That would represent an escalation in efforts by President Xi Jinping's government to support the struggling economy.

The mooted new measures will feed discussions at LME Week in London, where thousands of metals-market participants are gathered for the industry's biggest annual event. Prices have had a jittery week so far, and slumped on Tuesday amid fresh signs of debt distress in China's property market. (Bloomberg)

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	7,963	R1	8,047		
S2	7,867	R2	8,146		RSI below 50
S3	7,817	R3	8,8,204		

Synopsis - Intraday

Source Bloomberg

- Price is between/below the EMA resistance band (Black EMA's)
- RSI is below 50 (48)
- Price is below the daily pivot point USD 8,047
- Stochastic is at 50
- Technically bearish yesterday with upside moves considered to be countertrend, the futures were moving lower, but the MA on the RSI suggested that momentum was still supported, making USD 7,963 the key support level to follow, if broken we targeted the USD 7,870 fractal low. A move above USD 8,204 would imply that the probability of the futures trading to a new low had started to decrease. The futures traded to a low of USD 7,967, meaning support held; as noted in the close report, the downside rejection candle warned that we could see a move higher, but the futures would be trading into the EMA resistance band, making it high risk. Having initially moved higher price is moving lower again and is now just below the resistance band, the RSI is below 50 but intraday price and momentum are conflicting, as the opening candle closed above the daily pivot level.
- A close on the 4-hour candle above USD 8,047 with the RSI at or above 53 will mean price and momentum are aligned to the buy side; likewise, a close below this level will mean it is aligned to the sell side. Upside moves that fail at or below USD 8,204 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. Downside moves that hold at or above USD 7,963 will support a near-term bull argument, below this level the USD 7,870 low has the potential to be tested and broken.
- Technically bearish with upside moves considered as countertrend, the futures held support but are rejecting the resistance band, whilst the RSI has rejected it MA. For this reason, we remain cautious on upside moves at this point.

Aluminium Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,221	Stochastic oversold	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 (42)
- Stochastic is oversold
- Price is below daily pivot point USD 2,224
- Technically bullish with a neutral bias yesterday, we maintained our view that upside moves look like they could be countertrend. The futures were consolidating with the longer period EMA's flat (starting to cross over to the downside), implying price was neutral . We did see a small move lower yesterday, resulting in the USD 2,220 support being broken, the intraday technical is now bearish. Price is 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 2,224 with the RSI at or above 45.5 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 2,240 will leave the futures vulnerable to further tests to the downside, above this level the near-term technical will have a neutral bias. Only above USD 2,252 is the technical bullish based on price; however, the Elliott wave cycle remains bearish below USD 2,313 and neutral above.
- Technically bearish with upside moves considered as countertrend, the 1-hour RSI is now in divergence with price, warning we have the potential to see a momentum slowdown, which will need to be monitored. A cautious bear, as the futures are vulnerable to a countertrend move higher.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,455	R1	2,477.5	Stochastic oversold	RSI below 50
S2	2,444	R2			
S3	2,433	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (43)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,483
- Technically bearish yesterday, the futures had breached the USD 2,489 support, warning that the USD 2,461 fractal low is starting to look vulnerable. The MA on the RSI did still suggest that momentum was supported; however, the RSI was below its moving average. If the RSI could stay below its MA, then support levels could come under pressure; likewise, if the RSI started closing above the average, then we could see the daily pivot at USD 2,515 be tested. The futures traded to new lows before finding light bid support into the close. Price is below the EMA resistance band with the RSI below 50, intraday price and momentum are conflicting, as the opening candle closed above the daily pivot point.
- A close on the 4-hour candle above USD 2,483 with the RSI at or above 47.5 will mean price and momentum are aligned to the buy side; likewise, a close below this level will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 2,511 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, the new low means that price is in divergence with the RSI, not a buy signal, it is a warning that we have the potential to see a momentum slowdown, which will need to be monitored. However, intraday Elliot wave analysis does suggest we could see one more move to the downside, targeting the USD 2,433 level. A cautious bear due to the divergence in play.

Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	18,330	R1	18,575		RSI below 50
S2	17,816	R2			
S3	17,460	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (44)
- Stochastic is below 50
- Price is below the daily pivot point USD 18,701
- Technically bearish yesterday. Although we had rejected the USD 18,999 resistance, our wave analysis suggested that upside moves should still be considered as countertrend, as the pullback from a wave cycle perspective had not been deep enough (note: my lower timeframe oscillator was lagging, the pullback was deep enough). The MA on the RSI continued to suggest that momentum was supported, implying caution on downside moves. The futures have traded lower with price 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 18,701 with the RSI at or above 49.5 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 18,999 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. However, key resistance on the wave cycle is at USD 19,811, the cycle is bearish below this level and neutral above.
- Technically bearish with upside moves still considered as countertrend, as the futures have not yet traded to a new low. The RSI is below and has rejected its moving average, warning support levels are vulnerable. Downside moves below USD 18,330 will create a positive divergence with the RSI, not a buy signal it warns we have the potential to see a momentum slowdown on a new low, which will need to be monitored. However, Fibonacci projection levels do suggest that we could trade as low as USD 17,103 for this phase of the cycle.

Lead Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,107	Stochastic oversold	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 (42)
- Stochastic is oversold
- Price is above the daily pivot point USD 2,104
- The downside move previously resulted in price and momentum becoming aligned to the sell side. The futures traded below the USD 2,127 support with price coming under pressure again yesterday, the technical was back in bearish territory, meaning the USD 2,102 fractal low was starting to look vulnerable. We continued lower resulting in price trading to a new low, we are below the EMA resistance band supported by the RSI below 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 2,104 with the RSI at or above 27 will mean price and momentum are aligned to the buy side. Upside moves that fail at or below 2,145 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, Fibonacci projection levels would suggest that we have a potential downside target at USD 2,071. However, the new low means we are in divergence with the RSI, warning we could see a momentum slowdown. For this reason we are a cautious bear at this point.

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