

## China

China's deepening property rout is pushing the nation's central bank toward a style of policy it has long criticized: Quantitative easing.

Bloomberg News has reported that the People's Bank of China may provide at least 1 trillion yuan (\$140 billion) in low-cost funding to construction projects via so-called Pledged Supplemental Lending. Under that program, the central bank has provided cheap long-term cash to policy banks (by accepting their loans as collateral) to fund lending to the housing and infrastructure sectors.

Unlike QE programs undertaken by the Federal Reserve and others that involve large-scale bond buying to push down yields, China's version is more targeted. The PSL was used between 2014 and 2019 to help fund a home building spree, leading some economists to describe it as Chinese-style QE because of the resulting creation of money and expansion of the central bank's balance sheet. (Bloomberg)

## Cu

Copper touched a 10-week high after the closure of a major mine in Panama highlighted future supply challenges for the red metal as the energy transition accelerates.

Panama's government said it will shut the mine owned by First Quantum Minerals Ltd., damping hopes the company might be able to reach a new deal to keep it operating. The project, the subject of mass protests from environmentalists and labor unions, produces about 1.5% of the world's supply of the industrial metal. (Bloomberg)

# Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	8,422	R1	8,463.5	RSI above 50	Stochastic overbought
S2	8,397	R2			
S3	8,378	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- The RSI is above 50 (60)
- Price is above the daily pivot point USD 8,426
- Stochastic is overbought
- We remained bullish but in a corrective phase yesterday with key support at USD 8,279, a move below this level would mean that the probability of the futures trading to a new high would start to decrease. The MA on the RSI was moving lower again, implying momentum was weak; however, the RSI is above 50 with the stochastic oversold. If the RSI could hold above 50, then momentum would be vulnerable to a move higher, meaning we were conflicting. Price was in the support zone as we remained in a corrective phase, a move above and close above USD 8,444 would warn that resistance levels are starting to look vulnerable. The RSI held above 50 with the Futures closing above the USD 8,444 level, confirming that the futures are in a bullish impulse wave 5. Price is above all key moving averages with the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 8,426 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 8,397 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, we have now entered the bullish impulse wave 5 due to the futures making a new high, using wave analysis we have a potential upside target as high as USD 8,614. The MA has flattened and is starting to turn higher, warning that momentum has started to strengthen. However, the new high means that we have a negative divergence in play 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 move below USD 8,378 will warn that the probability of the futures trading to a new high has started to decrease.

# Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,196	R1	2,209.5		RSI is below 50
S2	2,186	R2			
S3	2,165	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 2,214
- We remained bullish based on price and bearish neutral on the wave cycle. The RSI was below 50 but its MA remained fairly flat to slightly lower, meaning momentum was neutral with a bit of weakness. The futures were vulnerable to a move lower; however, this was still an ambiguous technical at this point, suggesting caution in either direction. We traded to a low of USD 2,199.5 before finding bid support into the close; however, a move lower on the Asian open means that we are trading just below yesterday mornings values. Price is below the EMA resistance band with the RSI still below 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle below USD 2,214 with the RSI at or below 43 will mean price and momentum are aligned to the sell side. Likewise, a close above this level with the RSI at or above 47.5 will mean it is aligned to the buyside. Upside moves that fail at or below USD 2,242 will leave the futures vulnerable to further tests to the downside, above this level we target the USD 2,264 fractal resistance.
- Technically we are back in bearish territory, the upside rejection on the open is warning that support levels are vulnerable; however, the MA on the RSI is suggesting that momentum is neutral. A close on the 4-hour candle above USD 2,231.5 will be above the high of the last dominant bear candle, warning that resistance levels could be vulnerable.

# Zinc Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,529.5		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 (45)
- Stochastic is below 50
- Price is below the daily pivot point USD 2,535
- We remained bearish with a neutral bias yesterday, the daily candle close above USD 2,546 had failed to hold with the USD 2,576 – USD 2,602 resistance levels remaining in place. The MA on the RSI was flat as was the EMA resistance band, implying there is a neutral bias within the technical. A close below USD 2,519 would warn that support levels could come under pressure; likewise, a close above USD 2,574 would leave the USD 2,602 resistance vulnerable. The futures traded below but failed to close below the USD 2,519 level, resulting in light bid support into the close; however, we are moving lower again this morning. 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 level.
- A close on the 4-hour candle above USD 2,535 with the RSI at or above 50.5 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 below USD 2,602 will warn that we potentially have a larger bearish wave cycle in play.
- Unchanged from yesterday, we remain bearish with a neutral bias. The MA on the RSI is flat to slightly lower, warning momentum is starting to weaken. A close below USD 2,519 will warn that support levels could come under pressure; likewise, a close above USD 2,574 will leave the USD 2,602 resistance vulnerable.



# Nickel Morning Technical (4-hour)



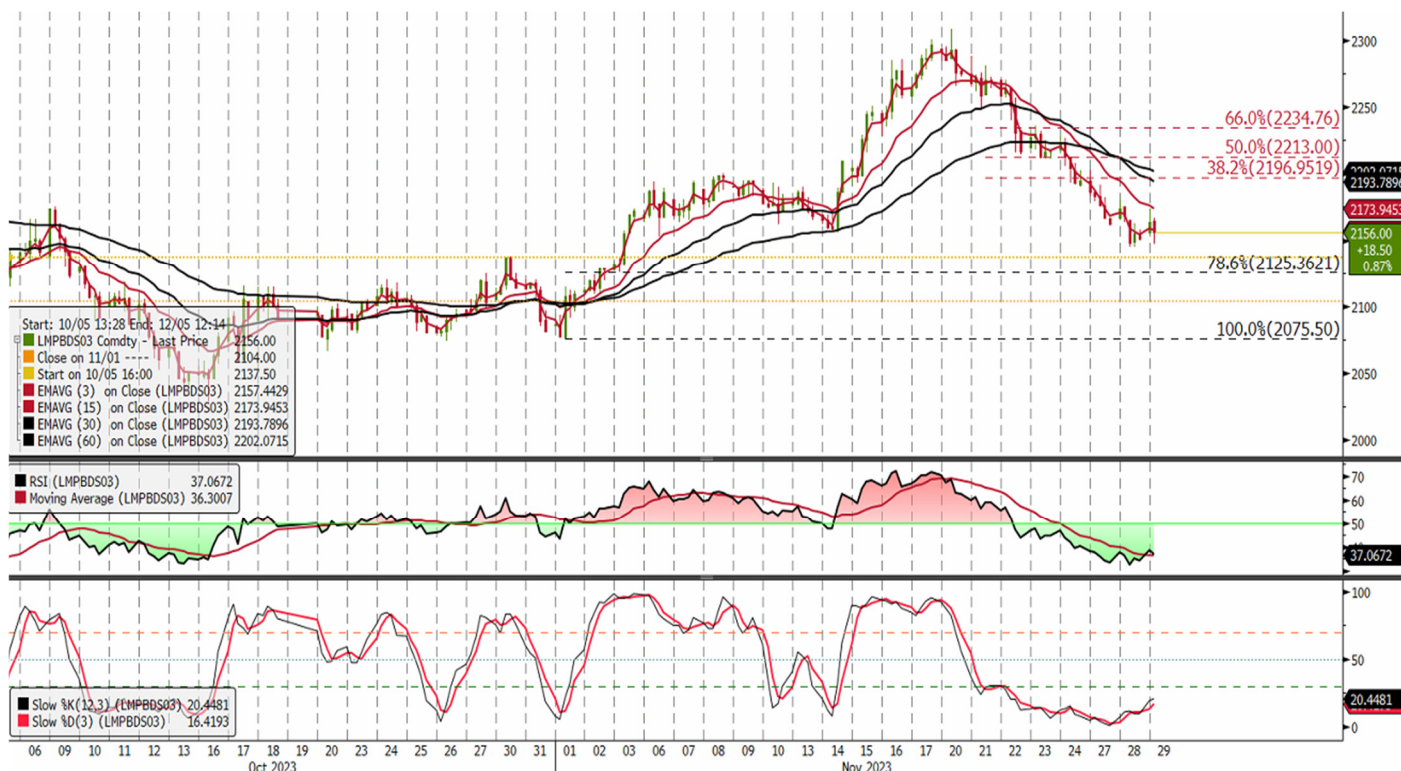
	Support	Resistance	Current Price	Bull	Bear
S1	16,581	R1	16,865	RSI above 50	Stochastic overbought
S2	15,521	R2			
S3	15,440	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is above the EMA resistance band (Black EMA's)
- RSI is above 50 (55)
- Stochastic is overbought
- Price is above the daily pivot point USD 16,521
- The upside move yesterday morning is the strongest bull move higher since October, warning that there could be a sentiment change in the market, leaving resistance levels vulnerable in the near-term. The Elliott wave cycle remained unchanged however, meaning we maintained our view that upside moves should be considered as countertrend. The futures have moved higher with price now above the EMA resistance band supported by the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 16,521 with the RSI at or below 37.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 16,248 will support a near-term bull argument, below this level the USD 15,840 fractal low could start to come under pressure. Key resistance in terms of the Elliott wave cycle is at USD 17,701, we remain bearish below this level and neutral above.
- The near-term technical is bearish but with a neutral bias, the longer-term wave cycle is bearish. As noted yesterday, resistance levels were vulnerable, the upside move means that the MA on the RSI implies that momentum is supported, whilst the RSI is making new highs. This would suggest that downside moves have the potential to be countertrend in the near-term, making USD 16,248 the key support to follow.

# Lead Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,156	Stochastic oversold	RSI is below 50
S2	R2			
S3	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (37)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,159
- We remained bullish but in a corrective phase yesterday with the MA on the RSI suggesting that momentum was still weak, having recently made a new low, the RSI movement would suggest that upside moves have the potential to be countertrend. We noted that the 1-hour RSI would be in divergence below USD 2,161; however, if we did make a new low then one suspected that we would try and break the USD 2,156 – USD 2,154 support zone. If we did then the probability of the futures trading to a new high would start to decrease; in reality, if we break the USD 2,156 fractal support, it suggested that the lower timeframe wave cycle was failing, implying the higher timeframe would also. Based on the technical, upside moves should in theory be countertrend, making USD 2,240 the key resistance to follow. The futures had not been considered a technical buy in recent days, a view that we maintained, as it looked like the wave cycle would probably fail. The futures traded to a low of USD 2,145 before finding light bid support. Price is below all key moving averages supported by the RSI below 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle above USD 2,159 with the RSI at or above 38.5 will mean price and momentum are aligned to the buy side. Likewise, a close below this level with the RSI at or below 34 will mean it is aligned to the sell side. Upside moves that fail at or below USD 2,234 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- We have entered bearish territory with intraday price and momentum starting to conflict, warning sell side momentum is slowing, meaning we could see a corrective move higher. Upside moves are considered as countertrend at this point.