

China

China's central bank governor pledged to keep the growth of money supply in check and offer better support to key sectors including technology and advanced manufacturing, illustrating the nation's focus on enhancing the quality of credit.

Pan Gongsheng reaffirmed that the People's Bank of China will "control the monetary sluice" in an article in the People's Daily on Monday that laid out the central bank's priorities in response to a recent twice-a-decade financial policy meeting. Officials have used the language in the past to underscore the PBOC's desire to avoid massive easing leading to a rapid buildup of debt. (Bloomberg)

Cu

A key indicator of supply in the global copper market just sank to the lowest level since August last year, as the shutdown of a large mine in Panama cuts the availability of ore for next year.

The closure of the \$10 billion Cobre Panama mine — after widespread political protests in the Central American nation — leaves world copper smelters with less raw material than expected to support their rapid expansion in capacity.

That's reflected in the so-called treatment charges for converting concentrated ore into metal, which rise when supply of mined copper is plentiful and drop when it's getting tighter. Spot fees paid by Chinese smelters have fallen below \$70 a ton for the first time since August 2022, Fastmarkets data show. (Bloomberg)

Copper Morning Technical (4-hour)



| | Support | Resistance | Current Price | Bull | Bear |
|----|---------|------------|---------------|--------------|-----------------------|
| S1 | 8,521 | R1 | 8,573 | RSI above 50 | Stochastic overbought |
| S2 | 8,483 | R2 | 8,614 | | |
| S3 | 8,453 | R3 | 8,693 | | |

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- The RSI is above 50 (59)
- Price is below the daily pivot point USD 8,573
- Stochastic is overbought
- Unchanged on the technical on Friday, we had made a new high, with price starting to consolidate. Intraday Elliott wave analysis did suggest that we had a potential upside target at USD 8.619; however, we remained conscious of the negative divergence in play, as it warned that we could see a momentum slowdown. Key support remained unchanged; a move below USD 8,397 would mean that the probability of the futures trading to a new high would start to decrease. The futures have traded above our upside target with price entering a corrective phase on the Asian open. We are above all key moving averages supported by the RSI above 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle below USD 8,573 with the RSI at or below 58 will mean price and momentum are aligned to the sell side; likewise, a close above this level will mean that it is aligned to the buy side. Downside moves that hold at or above USD 8,483 will support a bull argument, below this level the technical will have a neutral bias.
- Technically we are still bullish, the MA on the RSI is flat, warning that momentum is neutral with the lower timeframe Elliott wave cycle still in divergence. However, the lower timeframe cycle is warning that we could potentially see one more test to the upside, making USD 8,483 the key support to follow. If broken, it will warn that the pullback is deep into the last intraday bull wave, meaning that the probability of the futures trading to a new high will start to decrease. At this point, support levels could come under further pressure.

Aluminium Morning Technical (4-hour)



| | Support | Resistance | Current Price | Bull | Bear | |
|----|---------|------------|---------------|------|-----------------|-------|
| S1 | 2,186 | R1 | 2,197.5 | | RSI is below 50 | |
| S2 | 2,165 | R2 | | | | 2,213 |
| S3 | 2,138 | R3 | | | | 2,223 |

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (43)
- Stochastic is below 50
- Price is below the daily pivot point USD 2,200
- Technically bearish on the last report, the MA on the RSI suggested that momentum was starting to weaken, whilst intraday Elliott wave analysis implied that upside moves had the potential to be countertrend. However, if we did trade above the USD 2,231.5 – 2.237 fractal high/Fibonacci resistance, then the probability of the wave failing would increase. The futures traded to a new low before finding buyside support; however, price is coming under light pressure in the Asian day session. We remain below the EMA resistance band with the RSI below 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle below USD 2,200 with the RSI at or below 40.5 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. Upside moves that fail at or below USD 2,236 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish with lower time frame Elliott wave analysis implying that we still have the potential for one more test to the downside. However, there are warning signs from the technical at these levels, as the downside rejection from the low on Friday was robust, implying buyside support at lower levels, making USD 2,236 the key resistance to follow. Upside moves above this level will indicate that the probability of the futures trading to a new low will start to decrease, warning that resistance level could come under further pressure.

Zinc Morning Technical (4-hour)



| | Support | Resistance | Current Price | Bull | Bear |
|----|---------|------------|---------------|------|--------------|
| S1 | 2,456 | R1 | 2,502 | | RSI below 50 |
| S2 | 2,424 | R2 | 2,514 | | |
| S3 | 2,383 | R3 | 2,533 | | |

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (44)
- Stochastic is above 50
- Price is below the daily pivot point USD 2,502
- Technically bearish previously, the MA on the RSI continued to warn that momentum was weak whilst the RSI was making new lows, suggesting upside moves had the potential to be countertrend. A move above USD 2,535 would be considered as deep into the last bear wave, meaning that the probability of the futures trading to a new low would start to decrease. The futures rejected the USD 2,535 resistance with price moving lower this morning. We are below all key moving averages supported by the RSI below 50, intraday price and momentum are aligned to the buy side, as the previous candle closed above the daily pivot level.
- A close on the 4-hour candle below USD 2,502 with the RSI at or below 38.5 will mean price and momentum will be aligned to the sell side. Upside moves that fail at or below USD 2,533 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- The technical remains bearish, the futures did trade up to but are currently rejecting the USD 2,533 resistance (this moved lower with price making a new low), resulting in price moving lower today. In theory, based on the Elliott wave cycle, we still have the potential to trade to a new low; however, based on the laws of the wave cycle, we either have an anomaly, or a wave extension coming. This is because a wave 3 should never be the shortest wave, yet the move below USD 2,461 means it is. Based on this, support levels are vulnerable; however, we do have a note of caution as it could be that this is a rare occasion where the rules have failed.

Nickel Morning Technical (4-hour)



| | Support | Resistance | Current Price | Bull | Bear |
|----|---------|------------|---------------|------|--------------|
| S1 | 16,326 | R1 | 16,816 | | RSI below 50 |
| S2 | 16,146 | R2 | 17,270 | | |
| S3 | 15,840 | R3 | 17,590 | | |

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 16,816
- Technically bearish with a neutral bias on Friday, the flag pattern has started to look less bullish, the MA on the RSI was also flat, implying momentum was neutral. The RSI high on the 29/11 warned that we still had the potential for one more test to the upside. However, if we did trade below USD 16,326 the technical would be back in bearish territory, implying caution on upside moves. The futures have moved lower with price now approaching the key USD 16,326 support. We 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 16,816 with the RSI at or above 52 will mean price and momentum are aligned to the buy side. Key resistance in terms of the Elliott wave cycle is at USD 17,694, we remain bearish below this level and neutral above in the near-term. However, we should note that this is an extended wave 3 with multiple timeframes in play (the time period in terms of Elliott wave cycle is 720 min candle for the higher timeframe with key resistance at USD 19,463). In theory USD 17,964 is a key level on the 205-minute cycle and should hold, but we remain conscious of the larger cycle in play; as a break above this level, although not ideal which will ask questions on the wave cycle, it does not change the longer-term wave footprint. Downside move that hold at or above USD 16,326 will support a near-term bull argument, below this level the USD 15,840 fractal low will start to look vulnerable.
- We remain bearish with a neutral bias; price is now looking to test the USD 16,326 support with momentum starting to weaken. If broken, the USD 15,840 fractal low could come under pressure.

Lead Morning Technical (4-hour)



| | Support | Resistance | Current Price | Bull | Bear |
|----|---------|------------|---------------|---------------------|-----------------|
| S1 | 2,075 | R1 | 2,128 | Stochastic oversold | RSI is below 50 |
| S2 | 2,066.5 | R2 | 2,175 | | |
| S3 | 2,029 | R3 | 2,195 | | |

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (34)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,128
- Technically bearish last time, the MA on the RSI continued to flatten, implying we were seeing a slowdown in sell side momentum. However, as previously noted, due to the RSI making new lows, we maintained our view that upside moves looked like they should be considered as countertrend. The futures continue to produce small moves lower; we remain below all key moving averages with the RSI below 50, intraday price and momentum are aligned to the sell side, as the close on the previous candle was below the daily pivot with the RSI below its MA.
- A close on the 4-hour candle above USD 2,128 with the RSI at or above 35 will mean price and momentum are aligned to the buy side. Upside moves that fail at or below USD 2,222 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Unchanged technically, we remain bearish, the MA on the RSI continues to flatten, implying we are seeing a slowdown in sell side momentum. However, as previously noted, due to the RSI making new lows, we maintain our view that upside moves look like they will be considered as countertrend at this point.