

## China

Caixin China Nov. Services PMI 51.5; Est. 50.5 (Bloomberg)

## Cu

Copper fell after Moody's Investors Service cut its outlook for Chinese sovereign bonds to negative, underscoring deepening global concerns over debt levels in the world's largest consumer of commodities.

The industrial metal dropped as much as 0.7% to \$8,385.50 a ton on the London Metal Exchange after Moody's verdict, before paring losses to \$8,391 a ton as of 7:55 a.m. in London.

Iron ore also trimmed some of its gains, but was still in positive territory at \$129.25 a ton in Singapore, up 0.3% for the day.

Moody's last cut its credit rating on China in 2017. The relatively muted reaction to the downgraded outlook may signal market expectations that deepening gloom around the economy, particularly the property market, could spur government support that would ultimately benefit commodities demand.

The ratings agency lowered its outlook to negative from stable, while retaining a long-term rating of A1 on the nation's sovereign bonds, according to a statement. (Bloomberg)

# Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	8,402.5	R1	8,497	Stochastic oversold	RSI below 50
S2	8,345	R2	8,524		
S3	8,327	R3	8,561		

## Synopsis - Intraday

Source Bloomberg

- Price is between the EMA support band (Black EMA's)
- The RSI is below 50 (47)
- Price is below the daily pivot point USD 8,494
- Stochastic is oversold
- Technically we were still bullish yesterday, 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 did warn that we could potentially see one more test to the upside, making USD 8,483 the key support to follow. If broken, it would warn that the pullback was deep into the last intraday bull wave, meaning that the probability of the futures trading to a new high would start to decrease. At this point, support levels could come under further pressure. The pullback broke the USD 8,483 support meaning the USD 8,402.5 fractal low is starting to look vulnerable, if broken, the technical is bearish. Price is between 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 8,494 with the RSI at or above 59.5 will mean price and momentum are aligned to the buy side. Upside moves that fail at or below USD 8,561 will leave the futures vulnerable to further tests to the downside, above this level will warn that the USD 8,640 fractal high could come under pressure.
- Technically bullish with a neutral bias, the RSI has made a new low with the MA on the RSI implying momentum is weak, suggesting upside moves should now be considered as countertrend. The weak momentum is warning that the futures could soon enter bearish territory.

# Aluminium Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1: 2,167	R1: 2,189	2,175	Stochastic oversold	RSI is below 50
S2: 2,155	R2: 2,195			
S3: 2,139	R3: 2,202			

## 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 2,189
- Technically bearish yesterday with lower time frame Elliott wave analysis implying that we still had the potential for one more test to the downside. However, there were warning signs from the technical at these levels, as the downside rejection from the low on Friday had been robust, implying buy-side support at lower levels, making USD 2,236 the key resistance to follow. Upside moves above this level would indicate that the probability of the futures trading to a new low would start to decrease, warning that resistance level could come under further pressure. We have seen a move lower in line with the wave cycle, meaning the futures have traded below the low of Friday's bullish candle. We are below all key moving averages 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 2,189 with the RSI at or above 42.5 will mean price and momentum are aligned to the buy-side. Upside moves that fail at or above USD 2,202 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 we now have a minor divergence in play. Not a sell signal, it is a warning that we have the potential to see a momentum slowdown and will need to be monitored. However, if the divergence fails, it will mean that we are potentially seeing wave extension to the downside. If we do, then upside moves will still be considered as countertrend. A note of caution due to the divergence that is in play.

# Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,426	R1	2,467	Stochastic oversold	RSI below 50
S2	2,401	R2	2,471		
S3	2,365	R3	2,480		

## 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 2,471
- The technical remained bearish yesterday, the futures did trade up to but were rejecting the USD 2,533 resistance (this moved lower with price making a new low), resulting in price moving lower yesterday. In theory, based on the Elliott wave cycle, we still had the potential to trade to a new low; however, based on the laws of the wave cycle, we either had 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 meant that it was. Based on this, support levels were vulnerable; however, we did have a note of caution as it could be that this was a rare occasion where the rules had failed. The rules did not fail, it is a wave extension, we are below all key moving averages supported buy the RSI below 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 2,471 with the RSI at or above 41.5 will mean price and momentum are aligned to the buy side. Upside moves that fail at or below USD 2,496 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, it looks like we are seeing wave extension to the downside, implying upside moves now have the potential to be countertrend, making USD 2,496 the key resistance to follow.

# Nickel Morning Technical (4-hour)



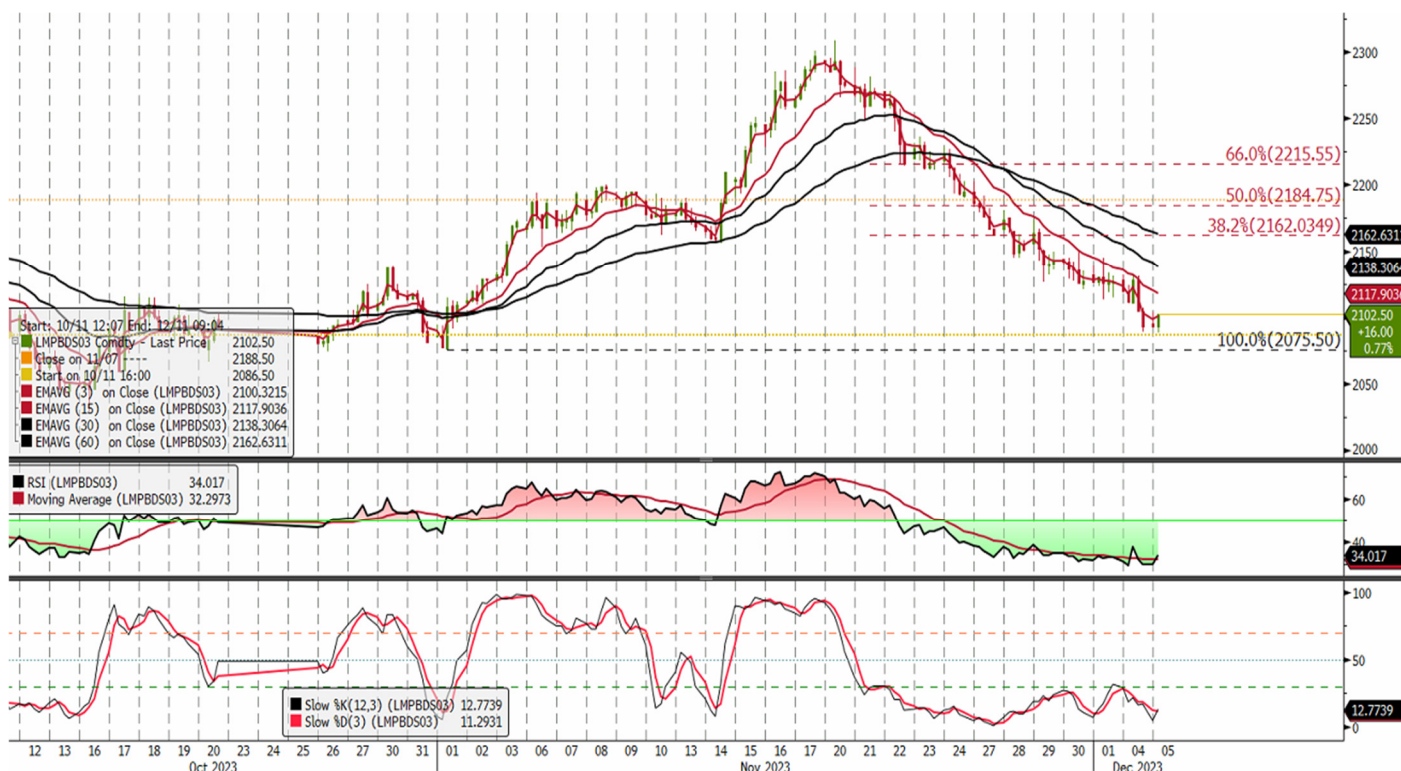
	Support	Resistance	Current Price	Bull	Bear
S1	16,326	R1	16,460		RSI below 50
S2	16,146	R2			
S3	15,840	R3			

## 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 16,641
- We remain bearish with a neutral bias yesterday; The futures were 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. Having held above support yesterday, the futures have moved lower on the Asian open, meaning the USD 16,326 support has been breached. 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 16,641 with the RSI at or above 51 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.
- The breach in the USD 16,326 support means the technical is considered as bearish again, meaning the USD 15,840 fractal support is starting to look vulnerable. Upside moves above USD 17,090 will warn that buy side momentum is increasing, meaning we could see the USD 17,270 and USD 17,590 resistance levels come under pressure.

# Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,075.5	R1	2,104	Stochastic oversold	RSI is below 50
S2	2,066.5	R2	2,162		
S3	2,029	R3	2,184		

## 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 2,104
- Unchanged on the technical yesterday, we remained bearish with the MA on the RSI continuing 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 look like they will be considered as countertrend. The futures are another USD 19.00 lower with price remaining below all key moving averages supported by the RSI below 50, intraday price and momentum are aligned to the sell side, as the RSI was below its MA when the previous candle closed.
- A close on the 4-hour candle above USD 2,104 with the RSI at or above 34.5 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 2,215 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- We remain in a bearish trending environment with price below all key moving averages. Our intraday Elliott wave analysis continues to suggest that upside moves should be considered as countertrend. However, both the 2-and-4-hour RSIs are in divergence, not a buy signal, it is a warning that we have the potential to see a momentum slowdown, which will need to be monitored.