

China

China sought to nip any hit to investor sentiment in the bud after a bearish credit outlook on debt threatened to exacerbate concerns over the financial health of the world's second-largest economy.

One day after Moody's Investors Service cut its outlook for Chinese sovereign bonds to negative, the central bank dialed up its support for the yuan a notch and state media published a handful of articles citing experts who denounced Moody's understanding of China's economy. The finance ministry had earlier insisted the nation's growth will be resilient. (Bloomberg)

Cu

Copper rose along with broader financial markets after US jobs data was seen as supporting the case for the Federal Reserve to start cutting interest rates next year.

The metal climbed as much as 0.6% — after slumping more than 3% over the previous two sessions — as the figures underscored a gradual cooling in the US labor market. Swaps markets are pricing in a 60% chance that the Fed will lower borrowing costs in March, which would buoy demand for commodities. (Bloomberg)

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	8,369	R1	8,437	Stochastic oversold	RSI below 50
S2	8,313	R2	8,476		
S3	8,282	R3	8,528		

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- The RSI is below 50 (47)
- Price is above the daily pivot point USD 8,369
- Stochastic is oversold
- Technically bullish with a neutral bias yesterday, the RSI had made a new low with the MA on the RSI implying momentum was weak, suggesting upside moves should be considered as countertrend. The weak momentum warned that the futures could soon enter bearish territory. We traded lower with price now in bearish territory. The futures have found light bid support in the Asian day session, but price remains below the EMA support band with the RSI below 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle above USD 8,369 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 8,528 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, the RSI has made a new low whilst the MA on the RSI is implying momentum is weak, suggesting upside moves have the potential to be countertrend. Key resistance is at USD 8,258, a move above this level will mean that the probability of the futures trading to a new low will start to decrease.

Aluminium Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	2,155	R1	2,165	2,163	Stochastic oversold	RSI is below 50
S2	2,139	R2	2,175			
S3	2,138	R3	2,183			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (36)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,165
- Technically bearish yesterday, the new low meant that we had a minor divergence in play. Not a sell signal, it warned that we had the potential to see a momentum slowdown which needed to be monitored. However, if the divergence failed, it would mean that we are potentially seeing wave extension to the downside. If we did, then upside moves will still be considered as countertrend. We had a note of caution due to the divergence that is in play. The futures traded to a new low with the minor divergence failing. Price is 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 2,165 with the RSI at or above 40 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 2,194 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, the divergence failure is warning that we are seeing Elliott wave extension to the downside, meaning upside moves look like they could be countertrend at this point, making USD 2,194 the key resistance to follow. If broken, then the probability of the futures trading to a new low will start to decrease.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,431	R1	2,460	Stochastic oversold	RSI below 50
S2	2,426	R2	2,474		
S3	2,401	R3	2,493		

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (43)
- Stochastic is oversold
- Price is above the daily pivot point USD 2,431
- Technically bearish on the last report, it looked like we were seeing wave extension to the downside, implying upside moves had the potential to be countertrend, making USD 2,496 the key resistance to follow. The futures traded to a low of USD 2,415 before moving higher in the Asian day session. Price is still below the EMA resistance band with the RSI below 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 2,461 with the RSI at or below 36.5 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 2,493 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 neutral with price and momentum aligned to the buyside, warning that resistance levels are vulnerable, making USD 2,493 the key level to follow. If broken, then the probability of the futures trading to a new low will start to decrease. However, intraday Elliott wave analysis is suggesting that upside moves should be considered as countertrend at this point, implying there are further downside moves to come.

Nickel Morning Technical (4-hour)



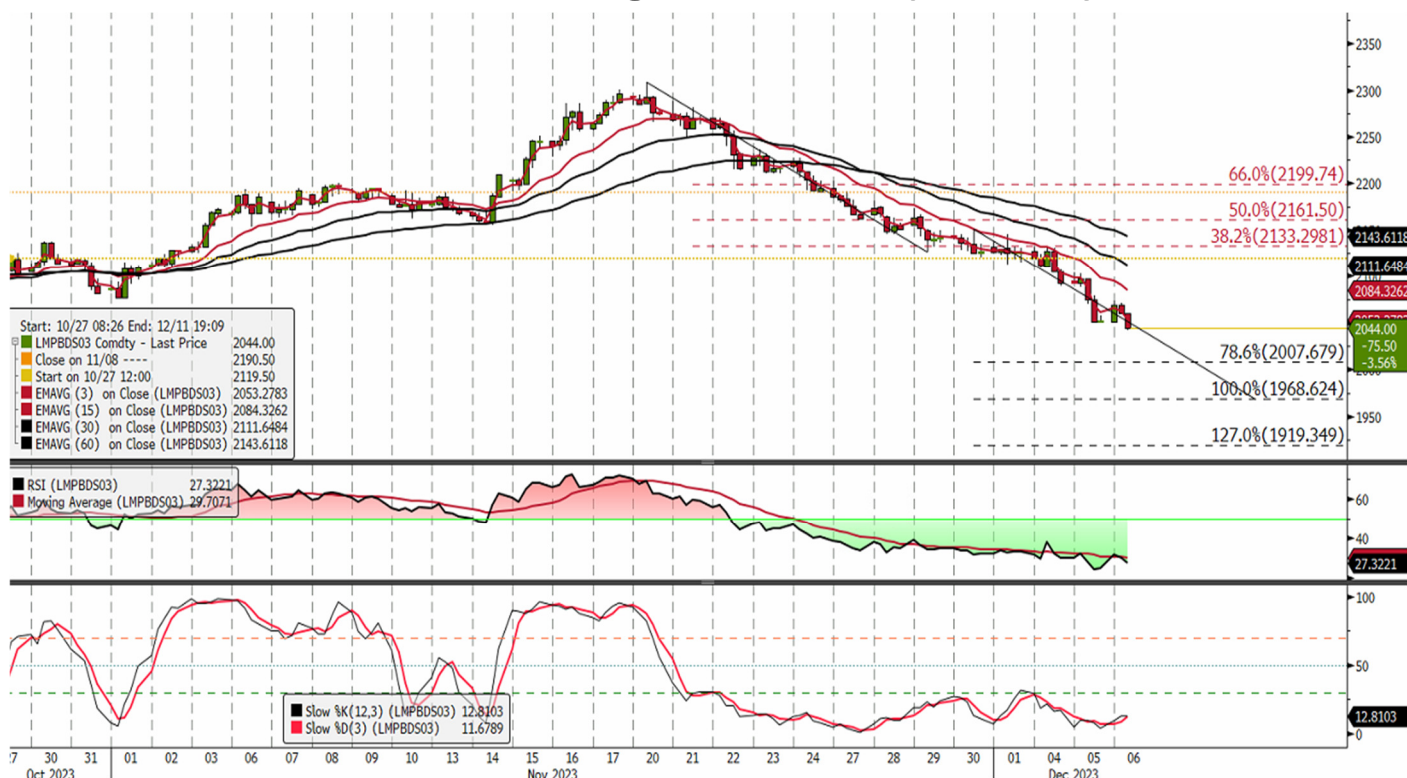
Support	Resistance	Current Price	Bull	Bear
S1	R1	16,545		RSI below 50
S2	R2			
S3	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (48)
- Stochastic is below 50
- Price is above the daily pivot point USD 16,306
- The breach in the USD 16,326 support yesterday meant that the technical was considered as bearish again, meaning the USD 15,840 fractal support was starting to look vulnerable. Upside moves above USD 17,090 would warn that buyside momentum was increasing, meaning we could see the USD 17,270 and USD 17,590 resistance levels come under pressure. The futures traded to a low of USD 16,095 yesterday; however, we are seeing buyside support on the open, price is below the EMA support band with the RSI below 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 16,306 with the RSI at or below 44.5 will mean price and momentum are aligned to the sell 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 the 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.
- We remain technically bearish, but price is moving higher on the open. In theory the upside move looks like it should be considered as countertrend based on the lower timeframe Elliott wave cycle. However, an upside move above USD 17,090 will warn that buyside 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	2,007	R1	2,068	Stochastic oversold	RSI is below 50
S2	1,968	R2	2,133		
S3	1,919	R3	2,161		

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (27)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,068
- We continue to remain in a bearish trending environment with price below all key moving averages. Our intraday Elliott wave analysis suggested that upside moves should be considered as countertrend. However, both the 2-and-4-hour RSIs were in divergence yesterday, not a buy signal, it warned that we had the potential to see a momentum slowdown, which needed to be monitored. The futures continue to trade lower with price 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 2,068 with the RSI at or above 32 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 2,199 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 the RSI rejecting its MA, warning of momentum weakness. The 4-hour RSI is back in divergence that will need to be monitored; however, intraday Elliott wave analysis continues to suggest that upside moves should be countertrend.