

## China

China's real borrowing costs are expected to stay high in 2024 as deflation pressures linger and the central bank will likely avoid aggressive policy rate cuts, posing yet another threat to growth.

While the People's Bank of China has trimmed policy rates and banks have reduced their benchmark lending rates this year to support economic activity, the nation's real lending rates have climbed significantly. Calculations by Bloomberg News show those rates — which are adjusted for inflation and reflect the actual cost of borrowing funds — have topped 4% and may even be near 5%, which would be the highest level since 2016.

That's because consumer and producer prices have fallen at a much faster pace than the average loan rate, which is largely based on changes in the benchmark rates set by the PBOC and the nation's major lenders. By comparison, the benchmark prime rate on one-year loans is 3.45% — roughly 150 basis points lower than what real loan rates are actually estimated to be near. (Bloomberg)

## Cu

Global copper supplies are tightening fast after the shuttering of a major mine in Panama and drastic output cuts at operations owned by Anglo American Plc.

That's contributed to a slump in the fees charged by smelters to their lowest since March last year. The treatment charges, which determine margins, have dropped by about a quarter since August to \$66.50 a ton, according to data from Metal Bulletin. The fees fall when there's not enough copper concentrate for smelters to re-fine. (Bloomberg).

# Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	8,368	R1	8,422.5	RSI above 50	Stochastic overbought
S2	8,326	R2			
S3	8,293	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- The RSI is above 50 (51)
- Price is above the daily pivot point USD 8,432
- Stochastic is overbought
- We remained technically bearish on Friday with the MA on the RSI flat alongside the EMA support band, implying momentum/price were neutral. However, Elliott wave analysis continued to suggest that upside moves looked like they would be countertrend, making USD 8,503 the key level to follow. A move above this level would warn that the probability of the futures trading to a new low would start to decrease. The futures traded to a high of USD 8,498 before entering a small corrective phase before finding support on the EMA band, the RSI is above 50 but price and momentum are conflicting.
- A close on the 4-hour candle below USD 8,432 with the RSI at or below 45 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 8,503 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. Conversely, downside moves that hold at or above USD 8,326 will support a near-term bull argument.
- Technically we remain bearish having rejected the upside resistance at this point, a move above USD 8,503 will mean that the probability of the futures trading to a new low will start to decrease. Momentum indicators are now conflicting, as the MA on the RSI is warning that momentum is supported; however, the RSI is near neutral at 51 with the stochastic in overbought territory, if the RSI moves below and holds below 50, then momentum will warn that we are vulnerable to a move lower. Although bearish, we do have a note of caution, having rejected the USD 8,503 resistance we are holding above the USD 8,326 support. If this level is broken, then we could see the USD 8,238 fractal low come under pressure. If price and momentum become aligned to the buyside, then we could see the USD 8,503 resistance be tested and broken.

# Aluminium Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,136	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 (38)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,141
- Technically bearish on Friday, the MA on the RSI was neutral and showing signs of turning to the upside, warning that momentum is starting to show signs of support. However, the intraday Elliott wave cycle continued to suggest that upside moves should be considered as countertrend. Key resistance was at USD 2,187, a move above this level would mean that the probability of the futures trading to a new low would start to decrease. The futures have traded to a new low with price now finding light bid support. Price is below the EMA resistance band with the RSI below 50, intraday price and momentum are conflicting.
- A close on the 4-hour below USD 2,141 with the RSI at or below 32 will mean price and momentum are aligned to the sell side; likewise, a close above this level will mean it is aligned to the buy side. Upside moves that fail at or below USD 2,185 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically we remain bearish; however, the futures are in divergence with the MA on the RSI continuing to suggest that momentum is supported, meaning we have a note of caution on downside moves at this point. Countering this, the Intraday Elliott wave cycle is still suggesting that upside moves look like they should in theory be countertrend, making USD 2,185 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	R1	2,396	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 (37)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,406
- Unchanged on the technical on Friday, we remained bearish with a potential downside target of USD 2,369; however, the futures remained in divergence, meaning we maintained a note of caution. A move above USD 2,445 will mean that the probability of the futures trading to a new low would start to decrease, whilst above USD 2,467.5 the intraday technical is bullish. The futures continued to move 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 previous candle closed below the daily pivot level.
- A close on the 4-hour candle above USD 2,406 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 2,437 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- We remain technically bearish with the futures still in divergence with the RSI, warning we could see a momentum slowdown. However, with price continuing to make new lows, it is indicating that we are seeing a wave extension to the downside, implying upside moves looking like they could be countertrend at this point. Key resistance is at USD 2,437, a move above this level will mean that the probability of the futures trading to a new low has started to decrease.

# Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	16,326	R1	16,725	RSI above 50	Stochastic overbought
S2	16,146	R2			
S3	15,840	R3			

**Synopsis - Intraday**

Source Bloomberg

- Price is above the EMA resistance band (Black EMA's)
- RSI is above 50 (52)
- Stochastic is overbought
- Price is below the daily pivot point USD 16,830
- We were bearish but had a neutral bias again on Friday. The MA on the RSI had turned higher, warning of momentum support with price above the intraday EMA resistance band. An upside move 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. However, intraday Elliott wave analysis continues to warn that upside moves looked like they would be counter-trend. We noted that on the daily technical that we remained below the EMA resistance band. There are warning signs that resistance levels could be vulnerable in the near-term, but the upside move will be into a higher timeframe resistance zone, our view on the longer-term wave cycle is unchanged. The futures have seen a small move lower, but we remain above the EMA support band, intraday price and momentum are conflicting.
- A close on the 4-hour candle below USD 16,830 with the RSI at or below 48 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. The next piece of dialogue remains unchanged again. 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 and will ask questions on the wave cycle, it does not change the longer-term wave footprint.
- We remain bearish with a neutral bias. The MA on the RSI is suggesting that momentum is supported, warning that resistance levels are vulnerable. A move above USD 17,090 will warn that momentum based on price is starting to improve, leaving the USD 17,270 and USD 17,590 resistance levels vulnerable. However, like Friday, upside moves will put price into the daily resistance band, suggesting caution. We continue to conflict on the technical, as a move higher will be into a daily resistance zone. Our longer-term wave cycle remains unchanged with upside moves considered as countertrend at this point.

# Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,007	R1	2,033	Stochastic oversold	RSI is below 50
S2	1,968	R2	2,117		
S3	1,919	R3	2,149		

## 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 2,033
- Technically bearish on Friday, the futures were seeing buyside support on the back of the minor positive divergence with the RSI. The RSI was above its MA, which was showing signs that it was starting to turn higher, warning that momentum was also showing signs of support, leaving the futures vulnerable to a corrective wave higher. However, our intraday Elliott wave analysis continued to suggest that upside moves look like they could be countertrend. The futures are unchanged in price, 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 2,033 with the RSI at or below 28 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 2,191 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 is moving higher whilst above its MA, warning that momentum is showing signs of support. However, we maintain our view based on the intraday Elliott wave cycle that upside moves look like they could be countertrend.