

US

Treasury yields and the dollar fell before crucial US inflation data that investors will scrutinize for clues on the Federal Reserve's next move on interest rates.

Stocks posted moderate moves, with Europe's Stoxx 600 Index and US equity futures little changed. France's blue-chip CAC 40 index was set to close at a record high. Among individual stocks, Nokia Oyj fell after cutting its longer-term profitability target and AstraZeneca Plc rose after agreeing to buy vaccine developer Icosavax Inc.

Asian shares were broadly higher, with Hong Kong's equity gauges leading gains, as traders await decisions from a meeting of Chinese economic policymakers that may indicate how much stimulus to expect next year.

Tuesday's US consumer price index will give Wall Street a sense of whether the disinflation trend is continuing, a day before the last scheduled Fed decision of 2023. The US central bank is widely expected to hold rates, with most market focus on whether it will try to temper policy easing expectations after investors' aggressive dovish repricing. (Bloomberg)

Al

China's aluminum market is tightening, as stockpiles dwindle and output growth slows.

The lightweight metal has been stuck in a narrow range for most of the last 18 months, anchored by slowing economies around the world and rising production in China, which accounts for over half of global supply. But an inflection point could be approaching as the country runs up against capacity constraints and Beijing's green push raises demand.

Chinese inventories of aluminum ingots have plunged over 20% in the past month to 529,000 tons after drier weather forced output cuts in the southwestern province of Yunnan, a major hub that relies on hydropower, and as snow hampers deliveries in central regions, according to Shanghai Metals Market. Stockpiles could drop as far as 450,000 tons this month, which would be the lowest since 2017, the researcher said. (Bloomberg).

Copper Morning Technical (4-hour)



| | Support | Resistance | Current Price | Bull | Bear |
|----|---------|------------|---------------|---------------------|--------------|
| S1 | 8,369 | R1 | 8,503 | Stochastic oversold | RSI below 50 |
| S2 | 8,326 | R2 | 8,553 | | |
| S3 | 8,293 | R3 | 8,640 | | |

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- The RSI is below 50 (48)
- Price is above the daily pivot point USD 8,369
- Stochastic is oversold
- Technically bearish having rejected the upside resistance at USD 8,503 yesterday, a move above this level would mean that the probability of the futures trading to a new low would start to decrease. Momentum indicators were conflicting, as the MA on the RSI warned that momentum was supported; however, the RSI was near neutral at 51 with the stochastic in overbought territory, if the RSI moved below and held below 50, then momentum would warn that we were vulnerable to a move lower. Although bearish, we did have a note of caution, as we had rejected the USD 8,503 resistance but were holding above the USD 8,326 support. If this level was 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. The futures traded to a low of USD 8,327 before finding light bid support into the close and on the Asian open. Price is below the EMA support band with 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 8,369 with the RSI at or above 52 will mean price and momentum are 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. Likewise, downside moves that hold at or above USD 8,326 will support a near-term bull argument.
- Technically bearish, we have broken a trend support on the move lower but held above the USD 8,326 level. With key support and resistance levels both holding, there is neutrality entering the market. If the USD 8,326 support is tested and broken, then the the USD 8,238 fractal low will become vulnerable.

Aluminium Morning Technical (4-hour)



| Support | Resistance | Current Price | Bull | Bear |
|-----------|------------|---------------|---------------------|-----------------|
| S1: 2,118 | R1: 2,124 | 2,135 | Stochastic oversold | RSI is below 50 |
| S2: 2,091 | R2: 2,154 | | | |
| S3: 2,068 | R3: 2,166 | | | |

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (40)
- Stochastic is oversold
- Price is above the daily pivot point USD 2,124
- Technically we remained bearish yesterday; however, the futures were in divergence whilst the MA on the RSI continued to suggest that momentum was supported, meaning we had a note of caution on downside moves. Countering this, the Intraday Elliott wave cycle was 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 would start to decrease. We traded to a low of USD 2,116 before trading back up to yesterday's levels, price is below all key moving averages supported by the RSI below 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 2,124 with the RSI at or below 33.5 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 2,182 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Unchanged on the technical, we remain bearish with the futures finding bid support due to the divergence that is in play, for this reason, we are cautious on downside moves at this point. Like yesterday, intraday Elliott wave analysis continues to suggest that upside moves should be considered as countertrend.

Zinc Morning Technical (4-hour)



| Support | Resistance | Current Price | Bull | Bear |
|---------|------------|---------------|------|--------------|
| S1 | R1 | 2,435 | | RSI below 50 |
| S2 | R2 | | | |
| S3 | R3 | | | |

Synopsis - Intraday

Source Bloomberg

- Price is between the EMA resistance band (Black EMA's)
- RSI is below 50 (48)
- Stochastic is above 50
- Price is above the daily pivot point USD 2,401
- We remain technically bearish yesterday 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 indicated that we are seeing a wave extension to the downside, implying upside moves look like they could be countertrend at this point. Key resistance was at USD 2,437, a move above this level would mean that the probability of the futures trading to a new low had started to decrease. The futures moved higher on the back of a positive divergence with the RSI. We have breached the USD 2,437 resistance; however, we should have stated yesterday, that key resistance on the wave cycle is higher than the fractal resistance, due to the wave extension. This was an error and means that key resistance is at USD 2,506. Price is between the EMA resistance band with the RSI below 50, intraday price and momentum are aligned to the sell buyside.
- A close on the 4-hour candle below USD 2,401 with the RSI at or below 37 will mean price and momentum is aligned to the sell side. Upside moves that fail at or below USD 2,506 (not USD 2,437) will leave the futures vulnerable to further tests to the downside, above this level the intraday Elliott wave cycle is neutral.
- Technically bearish, the MA on the RSI is starting to turn higher, warning that sell side momentum is slowing down. However, based on the Elliott wave cycle, we maintain our view that upside moves should be considered as countertrend. A move above USD 2,506 will mean that the probability of the futures trading to a new high will start to decrease.

Nickel Morning Technical (4-hour)



| | Support | Resistance | Current Price | Bull | Bear |
|----|---------|------------|---------------|--------------|------|
| S1 | 16,326 | R1 | 16,575 | RSI above 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 (48)
- Stochastic is below 50
- Price is below the daily pivot point USD 16,640
- We remained bearish with a neutral bias. The MA on the RSI suggested that momentum was supported, warning that resistance levels were vulnerable. A move above USD 17,090 would warn that momentum based on price was 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 continued to conflict on the technical, as a move higher would be into a daily resistance zone. Our longer-term wave cycle remains unchanged with upside moves considered as countertrend at this point. The futures are consolidating, 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 16,640 with the RSI at or above 53.5 will mean price and momentum are aligned to the buy side. 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.
- Technical we remain bearish with a neutral bias. The EMA, and the MA on the RSI are flat, implying the futures have a neutral bias. Highlighted on the chart is a symmetrical triangle pattern, this is also a neutral pattern with directional bias coming from a breakout that holds outside of the triangle. The longer-term Elliott wave cycle remains unchanged, with upside moves looking like they could be countertrend. We also continue to remain cautious on moves higher due to the EMA bands on the daily chart, as they warn of a resistance zone above.

Lead Morning Technical (4-hour)



| | Support | Resistance | Current Price | Bull | Bear |
|----|---------|------------|---------------|------|-----------------|
| S1 | 2,047 | R1 | 2,066.5 | | RSI is below 50 |
| S2 | 2,007 | R2 | | | |
| S3 | 1,968 | R3 | | | |

Synopsis - Intraday

Source Bloomberg

- Price is between the EMA resistance band (Black EMA's)
- RSI is below 50 (48)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,047
- Technically bearish yesterday, the RSI was moving higher whilst above its MA, warning that momentum was showing signs of support. However, we maintained our view based on the intraday Elliott wave cycle that upside moves look like they could be countertrend. The futures have moved higher with price trading between the EMA resistance band, the RSI is below 50 with price and momentum aligned to the buyside.
- A close on the 4-hour candle below USD 2,047 with the RSI at or below 26 will mean price and momentum are aligned to the sell side. 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.
- Unchanged, we are now moving higher on the momentum support with upside moves considered as countertrend. A move above USD 2,191 will warn that the probability of the futures trading to a new low will start to decrease.