

China

As China's property sector declines, President Xi Jinping needs to reshape the nation's economic model to drive growth over the next decade. His government's solution risks igniting a new wave of trade tensions across the globe.

China's leaders are pouring money into manufacturing as property-related activity, which once spurred about a fifth of the economy's expansion, turned into a drag on growth in 2022. Part of that focus is what they call the "new three" growth drivers of electric vehicles, batteries and renewable energy, aiding the world's de-carbonization push and fueling demand for commodities such as copper and lithium.

So far, the strategy is helping China avoid the recessions that hit Japan in the 1990s and the US in 2008 when their housing markets melted down: The world's second-biggest economy is now growing at about 5% a year. Yet it's also fueling imbalances that are setting the stage for renewed global trade tensions between China and the developed world, as well as emerging economies that are pushing to reach the lower rungs of the industrialization ladder. (Bloomberg)

Cu/Metals

Copper was on track to close at its lowest level since mid-December, adding to a poor start for metals in 2024 as traders weigh an uncertain demand outlook.

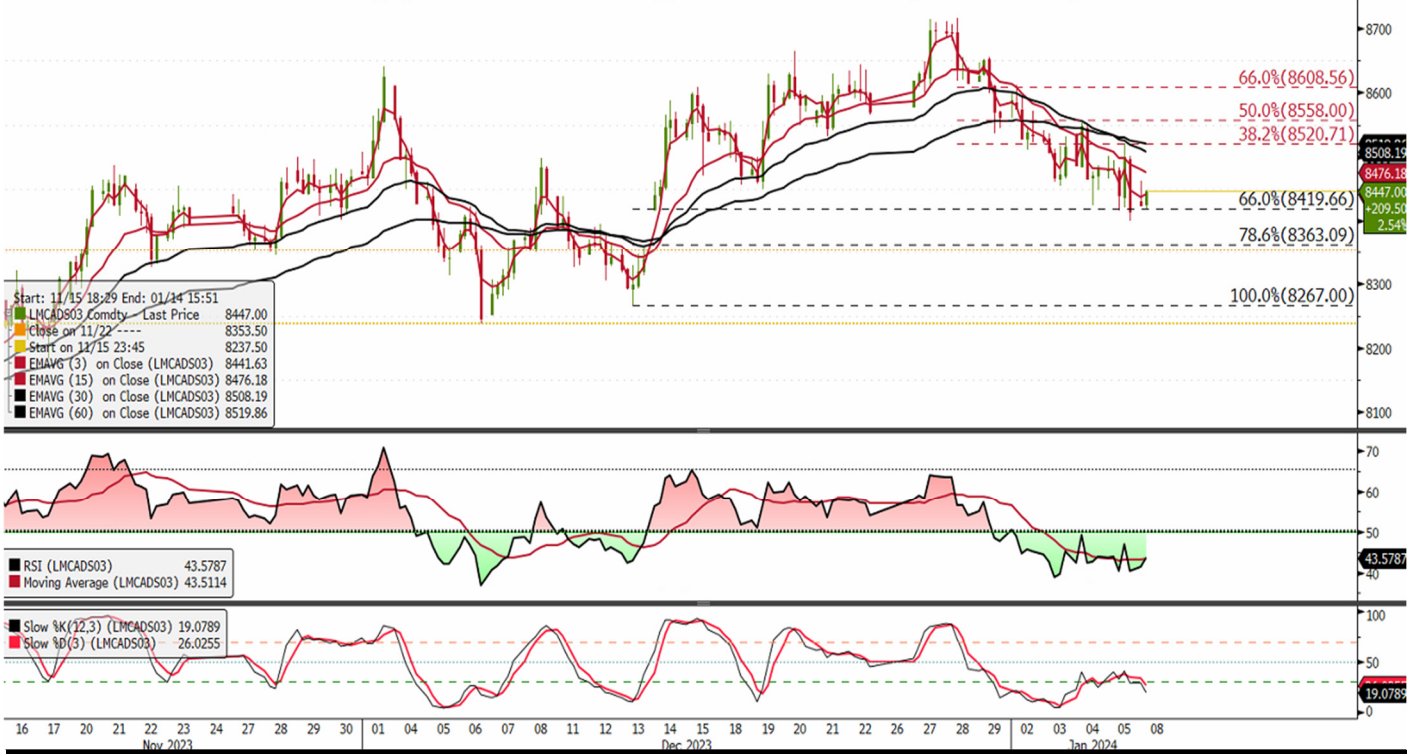
The prospect of Federal Reserve rate cuts in 2024 helped support industrial commodities at the tail-end of last year, pushing copper to its highest level in almost five months in late December. But traders have now turned more cautious as they await firmer clues on the timing of US monetary easing.

Read more: [Fed Pivot Will Dominate Year of Rate Cuts in Turn of World Cycle](#)

This week will bring a flow of data from US and China that could steer sentiment for metals. US inflation numbers are due on Thursday along with the latest jobless report, while Chinese inflation and trade figures will be released Friday.

Copper was 0.3% lower at \$8,435.50 a ton by 11:24 a.m. Shanghai time, while aluminum, which shed 5% last week, fell 0.4%. Zinc and nickel were also lower. (Bloomberg)

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	8,419	R1	8,441.5	Stochastic oversold	RSI below 50
S2	8,363	R2			
S3	8,267	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- The RSI is below 50 (43)
- Price is on the daily pivot point USD 8,447
- Stochastic is below 50
- Technically bearish on Friday, the futures were holding on the daily EMA support band with the RSI now in divergence on the 4-hour chart. However, due to the RSI making a new low on the 03/01/24 we maintained our view that upside moves looked like they could be countertrend. The MA on the RSI was flat, warning sell side momentum was slowing down, supporting the divergence. This warned that we are becoming vulnerable to an intraday (countertrend) upside move. Having traded into the EMA support band the futures traded to a new low. Price remains 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 8,447 with the RSI at or above 45.5 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 8,608 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish with the futures still in divergence, warning we remain vulnerable to a momentum slow-down. We maintain our view that upside moves look to be countertrend based on the RSI low on the 03/01/24, alongside price remaining in the daily EMA support band.

Aluminium Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,263.5	Stochastic oversold	RSI below 50
S2	R2			
S3	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (41)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,272
- Technically bullish with a neutral bias on the last report. The probability of the futures trading to a new high had started to decrease. The MA on the RSI continued to warn that momentum was weak; however, the average was starting to flatten, warning sell side momentum could be slowing down. The Elliott wave cycle had warned that downside moves look to be countertrend, but the technical warned that upside resistance levels could struggle to hold in the near-term, as the RSI was making new lows. This indicated that there was a conflict. The futures had another small test to the downside with price currently trading on the USD 2,260 support. We are below all key moving averages with the RSI below 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 2,272 with the RSI at or above 45.5 will mean price and momentum are aligned to the buy side. Upside moves that fail at or below USD 2,348 will leave the futures vulnerable to further test to the downside, above this level we have the potential to test the USD 2,398 fractal resistance.
- Unchanged on the technical, we remain bullish with a neutral bias. We continue to conflict on the technical as the wave cycle did suggest that there could be another bull move higher; however, the depth of the pull-back alongside the RSI making new lows would suggest that resistance levels should hold if tested.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,525	R1	2,550	Stochastic oversold	RSI below 50
S2	2,477	R2	2,583		
S3	2,439	R3	2,624		

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (41)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,550
- Technically bearish on Friday, the futures were starting to find light bid support on the 50% Fibonacci retracement of the move that started on the 11/12/23. This was also on the daily EMA support band, warning that we could be vulnerable to an intraday move higher. However, we had previously completed a 5-wave pattern higher with the RSI making new lows, suggesting upside moves should be considered as counter-trend, making USD 2,624 the key resistance to follow. If broken, then the probability of the futures trading to a new low would start to decrease. The futures continue to trade around the USD 2,525 support with the RSI below 50, intraday price and momentum are now conflicting.
- A close on the 4-hour candle above USD 2,550 with the RSI at or above 44 will mean price and momentum are aligned to the buy side; likewise, a close below this level with the RSI at or below 39.5 will mean it is aligned to the sell side. Upside moves that fail at or below USD 2,624 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 today, we remain bearish with upside moves looking like they could be counter-trend at this point based on the RSI low. A move below USD 2,526.5 will create a positive divergence with the RSI, not a buy signal, it is a warning that we could see a momentum slowdown. This would suggest we remain vulnerable to an intraday move higher in the near-term. We are still trading on the daily EMA support band with key resistance unchanged at USD 2,624.

Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	15,995	R1	16,315	Stochastic oversold	RSI below 50
S2	15,606	R2			
S3	15,455	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (45)
- Stochastic is above 50
- Price is above the daily pivot point USD 16,215
- Technically bearish on Friday, the MA on the RSI warned of momentum weakness, implying that support levels were vulnerable. Due to the data change, we were unsure if the long-term fractal support was at USD 15,995 or USD 15,840. We stayed with USD 15,840 as this is where it has been previously, if this level was broken, then we had the potential to trade as low as USD 14,815 (note, data is corrected, fractal low is at USD 15,840). The futures traded to a low of USD 15,895 before finding bid support. We remain below all key moving averages with the RSI below 50, intraday price and momentum are now aligned to the buyside.
- A close on the 4-hour candle below USD 16,215 with the RSI at or below 38 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 16,871 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 now flat, warning momentum could be turning neutral; however, the RSI low on the 05/01/24 is warning that upside moves have the potential to be countertrend. Downside moves that trade below USD 15,840 have the potential to trade as low as USD 14,815.

Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,070	R1	2,082	RSI above 50	Stochastic overbought
S2	2,016	R2			
S3	1,972	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (47)
- Stochastic is below 50
- Price is above the daily pivot point USD 2,070
- Unchanged on the technical last week, we remained bearish with upside moves considered as countertrend. A close below that held below the USD 2,030 level will warn that the USD 2,016 fractal low could be tested and broken. If it was, we then had a potential downside target at USD 1,903 based on the Fibonacci projection levels from the Elliott wave cycle. The futures held above the daily pivot level resulting in a move higher, price is now above the EMA resistance band with the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 2,070 with the RSI at or below 45.5 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.
- We remain bearish with upside moves considered as countertrend. The MA on the RSI is starting to turn higher, implying momentum support, but the EMA's are flat indicating we are no longer in trend.