

## China

Onshore yuan drops amid deflation concerns ahead of Friday's inflation data despite a stronger fixing by the central bank.

USD/CNY rises 0.1% to 7.1742; USD/CNH steadies at 7.1832 after a 0.3% rise in previous session

The PBOC set Wednesday's yuan fixing at 7.1055 per dollar, versus an estimate of 7.1625 in a Bloomberg survey of analysts and traders

Concerns on China's deflation and US dollar's uptick weigh on the yuan, according to Oversea-Chinese Banking Corp.

"Deflationary spiral remains a concern in China, given still weak domestic demand, and housing slump," says Christopher Wong, FX strategist at the firm

RRR cut and some form of support for the economy targeting consumption are desirable, but not entirely certain if they are forthcoming

(Bloomberg)

## Cu

Industrial metals have opened 2024 in downbeat fashion, with copper yet to post a daily gain as worries about global manufacturing and construction activity weighed on sentiment.

Copper fell for a ninth straight session on the London Metal Exchange, the longest losing streak since the early days of the pandemic. The impact of high global interest rates is still hampering demand and suppressing prices, despite supply disruptions and the likelihood that China will take more steps to revive economic growth.

"We expect cyclical copper demand to weaken further in 2024 as debt-service burdens rise across mature markets, outweighing China policy upside," Citigroup Inc. said in a note. The metal is likely to trade near \$8,500 a ton through January before moving lower, it said.

Copper declined 0.2% to \$8,353 a ton on the LME as of 6:40 a.m. in London, and is down 2.4% so far this year. Other metals have fared worse: aluminum and zinc have dropped more than 5% since the close of 2023. (Bloomberg)

# Copper Morning Technical (4-hour)



	Support	Resistance		Current Price	Bull	Bear
S1	8,313	R1	8,378	8,359	Stochastic oversold	RSI below 50
S2	8,247	R2	8,473			
S3	8,217	R3	8,520			

## Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- The RSI is below 50 (40)
- Price is below the daily pivot point USD 8,378
- Stochastic is below 50
- Unchanged on the technical yesterday, we remained bearish with upside moves looking like they could be countertrend. However, we were cautious on downside moves as we had the potential for further positive divergences below USD 8,377.50. Although not buy signals, they are warning we could see a momentum slowdown, as highlighted previously (Monday) when the new low was followed by a USD 100 upside move. The futures have rejected the EMA resistance band again, resulting in a USD 60.00 move lower. The RSI is below 50 with price and momentum aligned to the sell side.
- A close on the 4-hour candle above USD 8,378 with the RSI at or above 43.5 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 8,582 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, the move lower yesterday and on the Asian open has resulted in the divergence failing, warning the USD 8,313 and USD 8,274 support levels could come under pressure. The new low in the RSI is indicating that upside moves still have the potential to be countertrend, making USD 8,582 the key resistance to follow.

# Aluminium Morning Technical (4-hour)



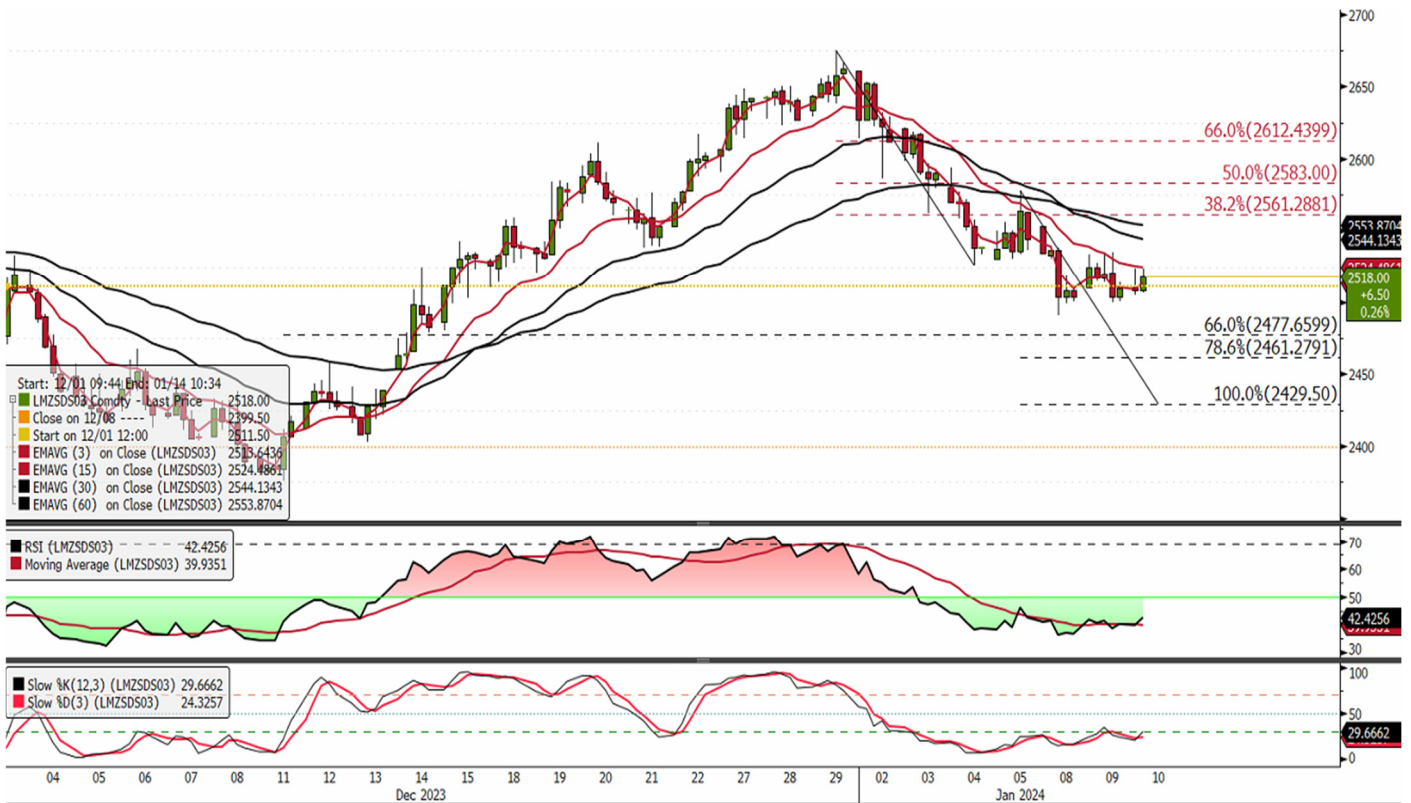
Support	Resistance	Current Price	Bull	Bear
S1	2,242	2,243.5	Stochastic oversold	RSI below 50
S2	2,222			
S3	2,173			
R1	2,292			
R2	2,312			
R3	2,339			

## Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (39)
- Stochastic is oversold
- Price is above the daily pivot point USD 2,242
- We were still bullish with a neutral bias yesterday, in reality the depth of the pullback suggested that the USD 2,222 support would be tested and broken. The MA on the RSI warned of momentum weakness, whilst the new low on the RSI implied that upside moves had the potential to be countertrend, suggesting the USD 2,342 resistance should hold if tested. We did have divergences on the 1-hour technical warning of a near-term momentum slowdown, implying we could see an intraday move higher soon. However, based on the technical, it did look like support would be broken sometime soon. The futures have moved sideways on the lower timeframe divergence with the USD 2,222 support still holding. We remain below all key moving averages supported by the RSI below 50, intraday price and momentum are conflicting, as the RSI is still on its average.
- A close on the 4-hour candle above USD 2,242 with the RSI at or above 42 will mean price and momentum are aligned to the buy side; likewise, a close below this level with the RSI at or below 37.5 will mean it is aligned to the sell side. Upside moves that fail at or below USD 2,339 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.
- Technically bearish with upside moves looking like they could be countertrend based on the RSI low on 08/01/24. The MA on the RSI is starting to flatten, whilst we have a positive divergence in play on the 1-hour chart, warning we could see a momentum slowdown and an intraday move higher in the near-term. Key resistance is at USD 2,339, a move above this level will mean that 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	2,515	R1	2,518	Stochastic oversold	RSI below 50
S2	2,477	R2			
S3	2,461	R3			

## 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 2,515
- Technically bearish yesterday, the divergence had failed on the 4-hour RSI; however, it remained in play on the 1-hour technical. Not a buy signal, it warned that we had the potential to see a momentum slowdown. The MA on the RSI was flat, which also implied that sell side momentum was slowing down, warning we were vulnerable to an intraday move higher. As previously noted, the new low in the RSI did warn that any upside move still had the potential to be countertrend. The move lower on Monday meant that price was below the daily EMA support band, warning the technical condition continued to weaken. If we did see a close on the daily chart above USD 2,539, it would suggest that momentum based on price was starting to strengthen, indicating we could see the countertrend move higher that momentum was warning us of. We moved sideways. We remain below all key moving averages with the RSI below 50, intraday price and momentum are conflicting, as the previous candle closed below the daily pivot level.
- A close on the 4-hour candle below USD 2,515 with the RSI at or below 37.5 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 2,612 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 momentum continuing to slow down on the back of the divergence, warning we could see an intraday move higher; however, as previously noted, upside moves look like they have the potential to be countertrend at this point.

# Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	15,895	R1	16,246		RSI below 50
S2	15,840	R2	16,460		
S3	15,606	R3	16,635		

## Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (45)
- Stochastic is below 50
- Price is below the daily pivot point USD 16,246
- Technically bearish yesterday, the recent low in the RSI implied that upside moves had the potential to be countertrend. The MA on the RSI was turning higher, indicating momentum support, meaning resistance levels could come under pressure in the near-term, making USD 16,871 the key level to follow. If broken, then the probability of the futures trading to a new high will start to decrease. The futures rejected the EMA resistance band (again); however, price movement has been limited. The RSI is below 50 with price and momentum conflicting.
- A close on the 4-hour candle below USD 16,246 with the RSI at or below 43.5 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 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 implying momentum is supported; however, as noted previously, upside moves look like they could be countertrend based on the recent RSI low. We also highlight that we remain below the daily EMA resistance band, meaning we maintain a cautious view on upside moves.

# Lead Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,069	RSI above 50	
S2	R2			
S3	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is on the EMA resistance band (Black EMA's)
- RSI is above 50 (51)
- Stochastic is above 50
- Price is above/on the daily pivot point USD 2,066
- Technically bearish yesterday with upside moves considered as countertrend. We are neutral on the MA, RSI, price and momentum, and the EMA's. We noted that big moves do come from neutral markets, but at this point, this is one to observe. We are trading within 50 cants of yesterday's value with price on the EMA band with price and momentum conflicting.
- A close on the 4-hour candle above USD 2,066 with the RSI at or above 53 will mean price and momentum are aligned to the buy side; likewise, a close below this level with the RSI at or below 48.5 will mean it is 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