

China

Federal Reserve Bank of New York President John Williams is the latest policymaker to try throwing cold water on the raging speculative fire for interest-rate cuts.

So far, the market is sticking with some pretty strong bets that the US central bank will lower borrowing costs in March — the odds are priced at about a 70% chance — and traders are certain it will cut in May if it somehow fails to do so before then.

Perhaps an astonishingly high inflation reading from Thursday's CPI report could derail such thoughts, though even that seems unlikely given just how resolute the bets have been.

The December payrolls data last month underscored the economy's resilience. The way that financial conditions have loosened in recent weeks may help explain that strength, and the caution most Fed officials have expressed about the idea of a rapid pivot toward rate cuts.

A gauge compiled by Goldman Sachs Group shows financial conditions are stimulatory, with a reading in late 2023 of 99.20 the lowest since August 2022. (The index is set up so that a level of 100 shows a neutral setting, while anything under that is stimulatory and above it is restrictive.)

The Fed will be wary of lowering rates at a time when inflation remains elevated and financial conditions are aiding the economy. It's going to need some seriously bad economic news to prompt the rapid turn to rate cuts that the markets are pricing in. (Bloomberg Markets Live)

Metals

Base metals mostly edged higher in early trading on Thursday, as investors awaited US inflation figures that may influence the Federal Reserve's next steps on interest rates.

Metals from aluminum to copper and zinc have posted a weak start to 2024 as hopes for an early Fed rate cut recede, hitting demand expectations. The inflation data later Thursday will be scrutinized for clues on what the Fed still needs to do to tackle price pressures in the economy.

Policymakers need more evidence of cooling inflation before cutting interest rates, Federal Reserve Bank of New York President John Williams said

Aluminum was up 0.4% to \$2,241 a ton by 11:16 a.m. Shanghai time, rising from its lowest close since Dec. 14. Copper gained 0.5% and zinc rose 0.9%

Iron ore futures in Singapore held Wednesday's steepest drop since October, trading at \$133.05 a ton (Bloomberg)

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	8,370	R1	8,473		RSI below 50
S2	8,313	R2	8,520	8,436	
S3	8,247	R3	8,582		

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- The RSI is below 50 (48)
- Price is above the daily pivot point USD 8,370
- Stochastic is below 50
- Technically bearish yesterday, the move lower previously and on the Asian open resulted in the divergence failing, warning the USD 8,313 and USD 8,274 support levels could come under pressure. The new low on the RSI is indicated that upside moves still had the potential to be countertrend, making USD 8,582 the key resistance to follow. The futures traded to a low of USD 8,320 before moving higher, meaning support levels have held. We remain 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 below USD 8,370 with the RSI at or below 40 will mean price and momentum are aligned to the sell side. 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 futures are now moving higher with the MA on the RSI implying that intraday momentum is finding support. However, the RSI low on the 09/01/24 would suggest that the current upside move has the potential to be countertrend, making USD 8,582 the key resistance to follow. If broken, then 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	2,242	R1	2,247		RSI below 50	
S2	2,222	R2				2,312
S3	2,173	R3				2,339

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (42)
- Stochastic is below 50
- Price is above the daily pivot point USD 2,241
- Technically bearish yesterday with upside moves looking like they could be countertrend based on the RSI low on 08/01/24. The MA on the RSI had starting to flatten, whilst we had 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 would mean that the probability of the futures trading to a new low would start to decrease. The futures continue to move sideways with price holding above the USD 2,222 support at this point, implying sell side momentum is slowing down. We remain 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 2,241 with the RSI at or below 37.5 will mean price and momentum are 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.
- A small correction from yesterday morning's report, we remain bullish with a neutral bias, as we are yet to breach the USD 2,222 support, we were not bearish as previously stated. The depth of the pullback would suggest that the probability of the futures trading to a new high has started to decrease. The RSI found support on its MA yesterday with price and momentum aligned to the buyside, implying momentum is starting to strengthen, the lower timeframe divergence would support this. However, the RSI low on the 08/01 does warn that the upside move could be countertrend, making USD 2,339 the key resistance to follow. We are vulnerable to an intraday move higher, but the technical is warning that upside moves could struggle to hold.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,509	R1	2,530		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 (46)
- Stochastic is below 50
- Price is above the daily pivot point USD 2,509
- Unchanged on the technical yesterday, we remained 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. The futures did have a test to the downside, but the move created another positive divergence with the RSI above its MA, resulting in the downside move failing to hold. We remain 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 2,509 with the RSI at or below 39 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 2,610 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, the futures are finding light bid support on the back of the positive divergence with the RSI, we also note that the MA on the RSI is tarding to turn higher, supporting this. The RSI made a new low on the USD 08/01 with intraday Elliott wave analysis suggesting that the upside move has the potential to be countertrend, making USD 2,610 the key resistance to follow. A move above this level will warn that the probability of the futures trading to a new low will start to decrease.

Nickel Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	16,510	RSI above 50	
S2	R2			
S3	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (45)
- Stochastic is above 50
- Price is above the daily pivot point USD 16,318
- Technically bearish yesterday, the MA on the RSI implied that momentum was supported; however, as noted previously, upside moves look like they could be countertrend based on the recent RSI low. We also highlighted that we remained below the daily EMA resistance band, meaning we maintain a cautious view on upside moves. The futures have seen a move higher on the back of momentum support with price above the EMA resistance, the RSI is now above 50 with price and momentum aligned to the buyside.
- A close on the 4-hour candle below USD 16,318 with the RSI at or below 45 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.
- We remain bearish with price moving higher on the back of momentum support. The MA on the RSI continues to suggest that we are support, meaning resistance levels remain vulnerable at this point. However, the RSI low on the 05/01 continues to warn that upside moves have the potential to be countertrend, making USD 16,871 the key resistance to follow. A move above this level will be deep into the last bear wave, warning that the probability of the futures trading to a new low will start to decrease. As previously noted, we do have the daily EMA resistance zone above us, meaning we maintain a cautious view on upside moves.

Lead Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	2,068	R1	2,117	RSI above 50 Stochastic overbought
S2	2,040	R2	2,149	
S3	2,016	R3	2,191	

Synopsis - Intraday

Source Bloomberg

- Price is on the EMA resistance band (Black EMA's)
- RSI is above 50 (62)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,068
- Unchanged on the technical yesterday, we had noted that big moves come from neutral markets, but this was one to observe as price and momentum were conflicting, the RSI was neutral with the EMA's flat. However, we maintained our view that upside moves looking like they would be countertrend based on the Elliott wave cycle. The futures have now broken to the upside with price above the EMA resistance band, supported by the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 2,068 with the RSI at or below 50.5 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.
- Technically we remain bearish with intraday Elliott wave analysis continuing to suggest that upside moves should in theory be countertrend, making USD 2,191 the key resistance to follow. A move above this level will be considered as deep into the last bear wave, meaning that the probability of the futures trading to a new low will start to decrease. In the near-term, the MA on the RSI is starting to turn higher whilst the RSI is making new highs, implying momentum support at this point, warning resistance levels could be tested.