

## China

China's central bank held a key interest rate as concerns about yuan volatility and the still-distant prospect of Federal Reserve easing limit the room policymakers have to support the economy.

The People's Bank of China maintained the rate on its one-year policy loans on Monday, disappointing investors expecting the first trim since August. While the central bank pumped more cash into the system to meet demand for funding, another round of weak credit numbers on Friday had bolstered expectations for bolder steps.

(Bloomberg Markets Live)

## Cu

Copper traded near the lowest level in a month, with investors weighing the impact of a surprising move by China's central bank to keep a key interest rate steady.

While the People's Bank of China pumped more cash into the financial system, it bucked expectations that it would cut borrowing costs for the first time since August to support the economy. The rate on its medium-term lending facility was maintained at 2.5%.

Copper and base metals have had a disappointing start to 2024 as high global interest rates hamper demand and suppress prices. That's despite supply disruptions and optimism that China will take more steps to revive economic growth. (Bloomberg)

# Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	8,263	R1	8,346	Stochastic oversold	RSI below 50
S2	8,216	R2			
S3	8,150	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- The RSI is below 50 (43)
- Price is above/on the daily pivot point USD 8,345
- Stochastic is oversold
- We remained technically bearish on the last report with the MA on the RSI continuing to suggest that momentum was supported. However, we maintained our view that upside moves look like they could be countertrend based on the RSI low on the 09/01. Key resistance remains unchanged at USD 8,582. The futures rejected the EMA resistance band once again, resulting in price trading to new lows. We are below all key moving averages supported by the RSI below 50, intraday price and momentum are conflicting, as the previous candle closed above the daily pivot level.
- A close on the 4-hour candle above USD 8,345 with the RSI at or above 47 will mean price and momentum are aligned to the buy side; likewise, a close below this level will mean it is aligned to the sell side. Upside moves that fail at or below USD 8,403 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias, warning we are entering a countertrend Elliott wave B.
- Technically bearish, the new low has created a positive divergence with the RSI, not a buy signal, it is a warning that we have the potential to see a momentum slowdown and will need to be monitored. However, we are seeing an Elliott wave extension to the downside meaning that we have a potential downside target of USD 8,216 for this phase of the cycle. This also means that we maintain our view that upside moves look like they could still be countertrend.

# Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,192	R1	2,218.5	Stochastic oversold	RSI below 50
S2	2,172	R2			
S3	2,151	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 2,222
- We remain bullish with a neutral bias on Friday. The futures were moving sideways with the MA on the RSI flat, implying a lack of near-term direction. We maintained our view that upside moves looked like they could be countertrend, whilst the depth of the pullback suggested that the probability of the futures trading to a new high had started to decrease. The futures are below the USD 2,222 support, meaning the technical is now bearish. Price is 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 2,222 with the RSI at or above 41.5 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 2,332 will leave the futures vulnerable to further test to the downside, above this level the technical will have a neutral bias.
- Technically bearish, we now have a potential downside target at USD 2,151 for this phase of the Elliott wave cycle. However, we maintain our view that upside moves have the potential to be countertrend. The MA on the RSI does remain flat, implying that momentum is neutral at this point.

# Zinc Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,537		
2,509	2,557			
S2	R2			
2,477	2,580			
S3	R3			
2,461	2,610			

## Synopsis - Intraday

Source Bloomberg

- Price is between the EMA resistance band (Black EMA's)
- RSI is at 50 (50)
- Stochastic is above 50
- Price is above the daily pivot point USD 2,509
- Unchanged on the technical on Friday, we remained bearish with upside moves looking like they could be countertrend. The MA on the RSI implied that momentum remained supported, meaning we were still vulnerable to a move higher in the near-term. Having continued to move sideways on Friday, we have seen a small move higher today, price is now between the EMA resistance band with the RSI neutral at 50, intraday price and momentum are aligned to the buy side.
- A close on the 4-hour candle below USD 2,509 with the RSI at or below 42.5 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.
- We remain bearish with a neutral bias; the MA on the RSI continues to suggest that momentum is supported at this point, warning that resistance levels are vulnerable. However, we maintain our view that upside moves look like they could be countertrend, making USD 2,610 the key resistance to follow. A move above this level will indicate 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	16,105	R1	16,305		RSI below 50
S2	15,895	R2			
S3	15,606	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 below the daily pivot point USD 16,318
- We remained bearish last week with upside moves looking like they could be countertrend based on the RSI low on the 05/01. The MA on the RSI continued to suggest that momentum was supported, meaning resistance levels were vulnerable; however, price and momentum were conflicting, if it became aligned to the sell side, then the USD 16,105 and USD 15,895 levels could come under pressure. Due to the daily resistance band still being above us, we maintained a cautious view on upside moves. The futures rejected the daily EMA resistance band resulting in a small move lower, the RSI is back below 50 with intraday price and momentum aligned to the sell side.
- A close on the 4-hour candle above USD 16,318 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 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, we have moved lower but price continues to consolidate below the EMA resistance band. The MA on the RSI is flat, implying momentum is neutral at this point; however, we maintain our view that upside moves look like they could be countertrend based on the longer-term Elliott wave cycle. We also have the daily EMA resistance band above us, implying caution on upside moves at this point.

# Lead Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,088.5	RSI above 50	
S2	R2			
S3	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (52)
- Stochastic is below 50
- Price is on the daily pivot point USD 2,089
- The futures had moved higher in what looked to be a countertrend move on Friday. The technical was bearish with price having rejected the base of Fibonacci resistance zone. However, the MA on the RSI still implied that momentum was supported with price above the EMA support band, meaning resistance levels were still vulnerable. If price and momentum became aligned to the sell side, the futures would look to test the 60-period EMA (lower band EMA) at USD 2,077 in the near-term. The futures have seen a small move lower but remain above the EMA support band with the RSI above 50, intraday price and momentum are conflicting, as the previous candle close above the daily pivot level.
- A close on the 4-hour candle above USD 2,089 with the RSI at or above 58.5 will mean price and momentum are aligned to the buy side; likewise, a close below this level 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.
- We remain bearish with the RSI below its average which is starting to turn lower, warning momentum is showing signs of weakness. If price and momentum become aligned to the sell side, and the futures close below the EMA support band (USD 2,079), then we could see support levels come under pressure. As previously noted, we maintain our view that upside moves look like they could be countertrend based on our intraday Elliott wave analysis.

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