

Cu

China's record-setting copper output is threatened by a plunge in the fees that smelters charge miners to turn ore into refined metal.

Those fees have dived to their lowest level in more than two years as overseas mine disruptions reduce the amount of ore available for processing, leaving smelters to compete for what's left and reducing margins to around break-even. The drop could force production cuts, in turn helping to lift refined copper prices that have mostly been stuck in a range of \$8,000 to \$9,000 a ton since early last year. (Bloomberg)

Zn

inc prices rose as much as 4% in London after Nyrstar said it will place a key plant in the Netherlands on care and maintenance due to high energy costs and weakening market conditions.

Production at the Budel zinc smelter will be suspended in January until further notice because the operation is not currently economically viable, the Trafigura Group-owned company said in a statement. Production at the plant was curtailed as energy prices spiked in 2021, and it remains at a significant disadvantage to similar operations in Europe due to the Dutch government's "discontinuation of support measures for energy-intensive industries," it said. (Bloomberg)

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear	
S1	8,263	R1	8,335.5		RSI below 50	
S2	8,216	R2				8,376
S3	8,150	R3				8,403

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- The RSI is below 50 (43)
- Price is below the daily pivot point USD 8,361
- Stochastic is below 50
- Technically bearish yesterday, the new low had created a positive divergence with the RSI, not a buy signal, it warned that we had the potential to see a momentum slowdown which needed to be monitored. However, we were seeing an Elliott wave extension to the downside, meaning we had a potential downside target of USD 8,216 for this phase of the cycle. This also meant that we maintained our view that upside moves looked like they could still be countertrend. The futures traded up to the EMA resistance band into the close yesterday; however, a move lower in the Asian day session has resulted in a rejection of the band. The RSI is below 50 but intraday price and momentum are conflicting.
- A close on the 4-hour candle below USD 8,361 with the RSI at or below 42 will mean price and momentum are aligned to the sell side. Likewise, a close above this level with the RSI at or above 46.5 will mean it is aligned to the buyside. 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 futures have rejected the USD 8,403 resistance and the EMA band, warning support levels are vulnerable at this point. Price and momentum need to become aligned to the sell side to support the move lower. We maintain a potential downside target at USD 8,216 but have a note of caution on a downside breakout below USD 8,292.5 due to the potential positive divergence ahead. Upside moves are still considered to be countertrend at this point.

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,192	R1	2,195.50	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 (33)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,209
- Technically bearish yesterday, we had a potential downside target at USD 2,151 for this phase of the Elliott wave cycle. However, we maintained our view that upside moves had the potential to be countertrend. The MA on the RSI remained flat, implying that momentum was neutral. The futures continue to sell lower with price testing the first of our Fibonacci support levels, we remain below the EMA resistance band 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 2,209 with the RSI at or above 38.5 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 2,329 will leave the futures vulnerable to further test to the downside, above this level the technical will have a neutral bias.
- Technically we remain bearish with the MA on the RSI starting to move lower again, warning 4-hour momentum is starting to weaken. However, when we look at the 1-and-2-hour charts we can see that the RSI is divergent with price. This is not a buy signal, but it is a warning that we could see a momentum slowdown which will need to be monitored. We are bearish with upside moves considered as countertrend but we have a note of caution at these levels.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,532	R1	2,558	RSI above 50	
S2	2,489.5	R2	2,580		
S3	2,477	R3	2,610		

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA resistance band (Black EMA's)
- RSI is above 50 (53)
- Stochastic is above 50
- Price is below the daily pivot point USD 2,558
- We remained bearish yesterday (we did not have a neutral bias as stated); the MA on the RSI continued to suggest that momentum was supported, warning that resistance levels were vulnerable. However, we maintained 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 would indicate that the probability of the futures trading to a new low will start to decrease. The Futures spiked higher on the back of Nyrstar putting their smelter under maintenance due to rising energy costs, meaning we now have a neutral bias. Price is above the EMA support band with the RSI above 50, intraday price and momentum are now conflicting.
- A close on the 4-hour candle below USD 2,558 with the RSI at or able 46.5 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. Downside moves that hold at or above USD 2,532 will support a near-term bull argument, if broken then the USD 2,489.5 fractal support will start to look vulnerable.
- Technically bearish, we now have a neutral bias due to the move higher yesterday, the probability of the futures trading to a new low has now started to decrease. The move above the USD 2,610 was brief and reactionary, but it makes the technical hard to read. If the futures trade below the USD 2,532 level, and close below the EMA resistance band, then support levels will become vulnerable. Until then, we have a cautious view on downside moves, meaning we have a neutral view.

Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	15,895	R1	16,115	Stochastic oversold	RSI below 50
S2	15,606	R2			
S3	15,455	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (44)
- Stochastic is oversold
- Price is below the daily pivot point USD 16,246
- Technically bearish in the previous report, we had moved lower but price continued to consolidate below the EMA resistance band. The MA on the RSI was flat, implying momentum was neutral; however, we maintained our view that upside moves look like they could be countertrend based on the longer-term Elliott wave cycle. We also had the daily EMA resistance band above us, implying caution on upside moves. The futures did have a test to the upside, but the move failed to hold, resulting in price closing on their lows. We remain 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 16,246 with the RSI at or above 49.5 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, the futures have rejected the minor trend line (highlighted on chart) with the MA on the RSI implying that momentum is starting to weaken, suggesting that support levels are vulnerable. As previously noted, we remain cautious on upside moves due to the daily EMA resistance band and the longer-term Elliott wave cycle.

Lead Morning Technical (4-hour)



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

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (57)
- Stochastic is above 50
- Price is above the daily pivot point USD 2,100
- We remained bearish yesterday with the RSI below its average which was starting to turn lower, warning momentum was showing signs of weakness. We noted that if price and momentum became aligned to the sell side, and the futures closed below the EMA support band (USD 2,079), then we could see support levels come under pressure. We maintained our view that upside moves look like they could be countertrend based on our intraday Elliott wave analysis. The futures held the EMA support band resulting in a small move higher, the RSI is above 50 with price and momentum conflicting, as the previous candle closed below the daily pivot level.
- A close on the 4-hour candle above USD 2,100 with the RSI at or above 57.5 will mean price and momentum are aligned to the buy side. Likewise, a close below this level with the RSI at or below 43 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.
- Technically bearish, the futures have seen a small move higher with the RSI above its average. The RSI is finding support on its MA, meaning we could be transitioning to a move higher, but the MA continues to suggest that momentum is still weak at this point, suggesting caution as the move could struggle to hold. We maintain our view that upside moves should be considered as countertrend based on the longer-term Elliott wave cycle.

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