

China

China is still contending with major challenges from deflation pressures and the property crisis as the year kicks off, with investors underwhelmed so far by policies to keep economic momentum going.

Data released Wednesday presented a mixed bag for the world's second-largest economy, which hit an official growth target for the year but has failed to shake off several of the problems most persistently weighing on domestic demand and confidence. A slew of indicators for home prices and property-related spending disappointed, while deflation remains stubborn. A measure of broad price changes recorded its longest stretch of quarterly declines since the wake of the Asian Financial Crisis in 1999.(Bloomberg)

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Copper fell for the fourth time in five sessions, extending losses in the new year, as the latest economic data from top consumer China underwhelmed investors.

Gross domestic product expanded 5.2% last year, meeting an official target of around 5%, according to data released by the National Bureau of Statistics Wednesday. Industrial output in December exceeded economists' estimates, while retail sales missed expectations and the urban jobless rate rose.

Home prices in the country fell the most since 2015 in December as a downturn deepened in the property sector, a pillar of commodities demand.

Copper has also been under pressure as investors reined in wagers for cuts in Federal Reserve interest rates this year following comments from Fed Governor Christopher Waller, who urged caution.

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	8,292.5	R1	8,314		RSI below 50
S2	8,263	R2			
S3	8,216	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- The RSI is below 50 (42)
- Price is below the daily pivot point USD 8,355
- Stochastic is below 50
- Technically bearish yesterday, the futures had rejected the USD 8,403 resistance and the EMA band, warning support levels were vulnerable. Price and momentum needed to become aligned to the sell side to support the move lower. We maintained a potential downside target at USD 8,216 but had a note of caution on a downside breakout below USD 8,292.5, due to the potential positive divergence ahead. Upside moves were still considered to be countertrend. The futures traded sideways yesterday with price moving lower on the Asian open. 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 8,355 with the RSI at or above 46 will mean price and momentum are 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 with price and momentum aligned to the sell side, warning that the USD 8,292.5 fractal low could be tested and broken. If it is, then our Elliott wave analysis is suggesting that we have the potential to trade as low as USD 8,216 for this phase of the cycle. However, as noted previously, a new low would create a positive divergence with the RSI, implying caution on downside breakouts. Based on the longer-term Elliott wave cycle, upside moves should be considered as countertrend at this point.

Aluminium Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,201.5	Stochastic oversold	RSI below 50
S2	R2			
S3	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 2,208
- Technically bearish yesterday with the MA on the RSI starting to move lower again, warning 4-hour momentum was starting to weaken. However, when we looked at the 1-and-2-hour charts we could see that the RSI is divergent with price. This was not a buy signal but warned that we could see a momentum slowdown which would need to be monitored. We were bearish with upside moves considered as countertrend, but we had a note of caution at these levels. The futures continue to move sideways with price below all key moving averages, the RSI is below 50, but price and momentum are conflicting.
- A close on the 4-hour candle below USD 2,208 with the RSI at or below 34.5 will mean price and momentum are aligned to the sell side; likewise, a close above this level will mean it is aligned to the 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 bearish, we had a small move higher that failed to hold yesterday which has put the MA above the RSI, with the MA starting to flatten. This is implying a momentum slowdown, if we trade below USD 2,195 then the futures will be in divergence with the RSI. We are bearish with upside moves considered as countertrend but remain cautious on downside moves at these levels.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear	
S1	2,485	R1	2,515.5		RSI below 50	
S2	2,477	R2				2,580
S3	2,461	R3				2,610

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (44)
- Stochastic is below 50
- Price is below the daily pivot point USD 2,544
- Technically bearish yesterday, we had a neutral bias due to the move higher previously, the probability of the futures trading to a new low had started to decrease. The move above the USD 2,610 was brief and reactionary, but it made the technical hard to read. If the futures traded below the USD 2,532 level, and closed below the EMA resistance band, then support levels would become vulnerable. Until then, we had a cautious view on downside moves, meaning we had a neutral view. The futures have sold lower breaking support with price now trading below the EMA resistance band. The RSI is below 50 with intraday price and momentum aligned to the sell side.
- A close on the 4-hour candle above USD 2,544 with the RSI at or above 53.5 will mean price and momentum are aligned to the buy 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.
- Due to the USD 2,532 support being broken, the futures are back in bearish territory, warning support levels are vulnerable. We are trading on the weekly pivot point (USD 2,515), if we close below this level on the daily chart it will further support a bearish argument. The MA on the RSI is now flat, implying momentum could be transitioning to the sell side.

Nickel Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	16,150	Stochastic oversold	RSI below 50
S2	R2			
S3	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 16,198
- Technically bearish yesterday, the futures had rejected the minor trend line (highlighted on chart) with the MA on the RSI implying that momentum was starting to weaken, suggesting that support levels were vulnerable. As previously noted, we remained cautious on upside moves due to the daily EMA resistance band and the longer-term Elliott wave cycle. The futures had a small test to the upside which has failed to hold, meaning we are back trading at yesterday's levels. We remain 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 16,198 with the RSI at or above 47.5 will mean price and momentum are 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.
- We remain bearish with upside moves considered as countertrend, we continue to have a note of caution on moves higher due to the daily resistance band. The RSI is back below its MA which had started to flatten a little after yesterday's intraday test to the upside; however, the downside move today has broken a minor fractal support warning that the USD 15,895 – USD 15,840 support zone continues to look vulnerable.

Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,040	R1	2,100		RSI below 50
S2	2,011	R2	2,130	2,075	
S3	1,978	R3	2,164		

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (45)
- Stochastic is below 50
- Price is below the daily pivot point USD 2,100
- Technically bearish yesterday, the futures had seen a small move higher with the RSI above its average. The RSI was 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, 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. The futures have sold lower with price 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 2,100 with the RSI at or above 56 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 2,210 (Small revision higher as I was running the Fibonacci high a little low) will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish with upside moves considered as countertrend, the futures have broken fractal support with the MA on the RSI moving lower, implying momentum is weakening, warning we have the potential to move lower from here. We are now trading below the weekly pivot level (USD 2,086), if we close on the daily candle below this level, it will further support a seller's argument.

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