

## China

- China ramped up support for the troubled property sector with its biggest-ever cut to a key mortgage reference rate, raising expectations for more aggressive measures to support the economy in the months to come.

Chinese lenders slashed their five-year loan prime rate by 25 basis points to 3.95%, the People's Bank of China announced Tuesday. It was the first cut since June and the largest reduction since a revamp of the rate was rolled out in 2019.

Lowering that rate will allow more cities in China to reduce minimum mortgage rates for homebuyers, which can stimulate sluggish demand for apartments as prices fall. The move shows an intensifying focus on measures to combat the property crisis, which has been a major drag on the world's second-largest economy and threatens its path toward sustainable growth. (Bloomberg).

## Metals

Copper softened and aluminum touched a four-week low as uncertainty about global demand continued to weigh on industrial metals.

Chinese lenders cut a key reference rate for mortgages by the most on record, the People's Bank of China announced Tuesday, ramping up support for the country's beleaguered property sector. But the scope of the cut also highlighted the seriousness of the problems besetting the Asia's biggest economy.

Metals have largely drifted lower this year on concerns over demand both in China and in developed economies, which are still suffering the effects of anti-inflationary policies and the lingering impacts of the energy crisis triggered by Russia's invasion of Ukraine.

BHP Group Ltd., the world's biggest miner, on Tuesday said the lag effect of high interest rates will continue to weigh on household consumption in the developed world in the first half. On China, BHP said policy implementation by the leadership in Beijing was key.

"Throughout the year authorities have acknowledged that additional policies will be needed to support China's economic recovery," the company said after reporting a slump in first-half net income. "The key question remains how effective the policy push will be."

Copper dipped 0.1% to \$8,423 a ton by 12:27 p.m Shanghai time, while aluminum lost 0.3% and all other base metals declined (Bloomberg).

# Copper Morning Technical (4-hour)



|    | Support | Resistance | Current Price | Bull         | Bear                  |
|----|---------|------------|---------------|--------------|-----------------------|
| S1 | 8,380   | R1 8,437   | 8,422         | RSI above 50 | Stochastic overbought |
| S2 | 8,344   | R2 8,499.5 |               |              |                       |
| S3 | 8,294   | R3 8,559   |               |              |                       |

## Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- The RSI above 50 (57)
- Price is above the daily pivot point USD 8,437
- Stochastic is overbought
- Technically bullish yesterday, the RSI had broken resistance whilst the MA on the RSI implied that momentum was supported. This suggested that downside moves could be countertrend, making USD 8,294 the key support to follow, if broken then the probability of the futures trading to a new high would start to decrease. Upside moves above USD 8,499.5 would warn that the USD 8,559 and USD 8,603 resistance levels could come under pressure. Having corrected yesterday morning the futures have moved sideways. We are above the EMA support band with the RSI above 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 8,437 with the RSI at or above 62 will mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 8,294 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish but in a corrective phase, the RSI high previously is warning that the move lower has the potential to be countertrend; however, the RSI is currently below its MA indicating that momentum is starting to show signs of weakness. If we trade below and close below the weekly pivot (USD 8,371) then the USD 8,294 support could potentially be tested and broken, if it is, then the probability of the futures trading to a new high will start to decrease. If we hold above the weekly pivot support, it will warn that there is bullish support in the market.

# Aluminium Morning Technical (4-hour)



|    | Support | Resistance | Current Price | Bull                | Bear         |
|----|---------|------------|---------------|---------------------|--------------|
| S1 | 2,145   | R1         | 2,189.5       | Stochastic oversold | RSI below 50 |
| S2 | 2,104   | R2         |               |                     |              |
| S3 | 2,051   | 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 2,206
- Unchanged on the technical again yesterday, the move lower had been marginal with price within the USD 2,251 – USD 2,203 range. We remained bearish but continue to trade around flat intraday and daily averages, meaning price action is still neutral. The futures have moved lower with price breaking the USD 2,203 fractal support. We are 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 2,206 with the RSI at or above 46.5 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 2,316 will leave the futures vulnerable to further test to the downside, above this level the technical will have a neutral bias.
- Technically bearish, the futures have moved lower with price closing below the weekly pivot level and the daily 200-period MA. The MA on the RSI is warning that momentum is weak whilst the RSI is making new lows. This is suggesting that support levels are starting to look vulnerable with upside moves looking like they could be countertrend.

# Zinc Morning Technical (4-hour)



|    | Support | Resistance | Current Price | Bull         | Bear                  |
|----|---------|------------|---------------|--------------|-----------------------|
| S1 | 2,284   | R1         | 2,394         | RSI above 50 | Stochastic overbought |
| S2 | 2,246   | R2         | 2,403         |              |                       |
| S3 | 2,207   | R3         | 2,441         |              |                       |

## Synopsis - Intraday

Source Bloomberg

- Price is above the EMA resistance band (Black EMA's)
- RSI is above 50 (53)
- Stochastic is overbought
- Price is below the daily pivot point USD 2,394
- Unchanged technically yesterday, we remained bearish with upside moves looking like they could be countertrend based on our intraday Elliott wave analysis, making USD 2,494 the key resistance to follow, if broken the probability of the futures trading to a new low would start to decrease. The MA on the RSI did suggest that momentum remained supported, meaning resistance levels continued to be vulnerable. The futures traded to a high of USD 2,410 before selling lower on the Asian open. We remain above the EMA resistance band with the RSI above 50, intraday price and momentum are now conflicting.
- A close on the 4-hour candle below USD 2,376 with the RSI at or below 52 will mean price and momentum are aligned to the sell side; likewise, a close above the level with the RSI at or above 56.5 will mean it is aligned to the buy side. Upside moves that fail at or below USD 2,494 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 looking like they could be countertrend based on our intraday Elliott wave cycle. The RSI is testing its MA which is starting to flatten, warning there are signs that buy side momentum is slowing. If the RSI closes below 52 then price and momentum will be aligned to the sell side, warning the weekly pivot at USD 2,352 will start to look vulnerable. A close below that holds below this level on the daily chart would suggest that we are potentially in the early stages of the bearish Elliott wave 5. If this is the case, we have a downside target based on Fibonacci projection levels at USD 2,207.

# Nickel Morning Technical (4-hour)



|    | Support | Resistance | Current Price | Bull         | Bear |
|----|---------|------------|---------------|--------------|------|
| S1 | 16,291  | R1         | 16,305        | RSI above 50 |      |
| S2 | 16,134  | R2         |               |              |      |
| S3 | 16,047  | R3         |               |              |      |

**Synopsis - Intraday**

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (51)
- Stochastic is below 50
- Price is below the daily pivot point USD 16,355
- Technically bullish but in a corrective wave yesterday, the fractal break had warned that resistance levels were vulnerable; however, we were rejecting the daily resistance band with the RSI neutral at 49. We had a three-wave corrective pattern that warned we could see a move higher, but the MA on the RSI is showing signs of weakness, meaning the technical is conflicting a little. We maintained a cautious view on upside moves due to the daily resistance. Key support remained unchanged at USD 16,134, if broken, then the probability of the futures trading to a new high would start to decrease. The futures traded to a high of USD 16,475 before opening lower in the Asian day session. Price is above the EMA support band with the RSI near-neutral at 49, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 16,355 with the RSI at or above 56 will mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 16,134 will warn that resistance levels remain vulnerable, below this level the technical will have a neutral bias.
- Technically bullish but in a corrective phase, we noted yesterday that the fractal break had warned that resistance levels were vulnerable; however, we remained cautious on upside moves due to the daily resistance band, a view that we maintain. Based on the RSI movement, we are vulnerable to a move high, but momentum is conflicting, as the MA on the RSI is warning it is weakening. We are at an inflection point, as the weekly pivot level is at USD 16,291. If we hold above this level, then we could see a move higher, if we close below it on the daily chart, then the USD 16,134 support could be tested and broken. If it is, then the probability of the futures trading to a new high will start to decrease.

# Lead Morning Technical (4-hour)



|    | Support | Resistance | Current Price | Bull                | Bear         |
|----|---------|------------|---------------|---------------------|--------------|
| S1 | 2,021   | R1         | 2,045         | Stochastic oversold | RSI below 50 |
| S2 | 1,994.5 | R2         | 2,064         |                     |              |
| S3 | 1,958   | R3         | 2,086         |                     |              |

## Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (45)
- Stochastic is oversold
- Price is above the daily pivot point USD 2,045
- Technically bearish yesterday with upside moves continuing to look like they could be countertrend, the futures were just below the resistance band with the MA on the RSI implying momentum was supported. However, the RSI was testing its MA support, if we held above it, then we could see resistance levels come under pressure. Likewise, if we closed below it and price and momentum become aligned to the sell side, then it would warn that the futures could be vulnerable to a move lower, in line with the Elliott wave cycle. The futures sold lower on the open yesterday but have since moved sideways. We are 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 above USD 2,045 with the RSI at or above 50 will mean price and momentum are aligned to the buy side. Upside moves that fail at or below USD 2,116 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. Likewise, downside moves that hold at or above USD 2,021 will support a near-term bull argument, if broken the USD 1,994.5 support will start to look vulnerable.
- Technically bearish, the MA on the RSI (and the RSI) are now flat, implying momentum is starting to look a little neutral. However, the daily candle closed below the weekly pivot level yesterday (USD 2,046), if we can hold below this level, then we could see further downside. However, a close back above this level will imply we are seeing momentum support, indicating we could see a move higher. In theory, our intraday Elliott wave analysis is suggesting that upside moves should be considered as countertrend with support levels vulnerable. The neutral momentum, with the weekly pivot level in play, means that USD 2,046 is the key level to follow on the daily technical at this point.

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