

China

China's effort to boost manufacturing and shore up the economy amid a real estate slump could put "meaningful upward pressure" on US inflation and push back the start of monetary easing, according to new research by the Federal Reserve Bank of New York.

Credit flows to China's factories have accelerated sharply over the past few years, as authorities seek to compensate for diminished lending to the property sector. That's matched by a shift in rhetoric from Chinese leaders as they talk up industrial policy. The new approach stands a chance of boosting China's economic growth above the rates of the past two years, at least in the short term, New York Fed economists wrote in a blog post this week.

If that scenario plays out, the extra demand from Chinese manufacturers would likely push up prices for commodities and intermediate goods, and result in a weaker dollar, according to the New York Fed team. That would "persistently tilt the balance of risks for US inflation to the upside," the economists wrote. "Such an impetus to inflation could potentially delay market expectations for policy easing." Bloomberg)

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear	
S1	8,795	R1	8,851	Stochastic oversold	RSI below 50	
S2	8,677	R2				8,877
S3	8,584	R3				8,948
					9,091	

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- The RSI below 50 (46)
- Stochastic is oversold
- Price is below the daily pivot point USD 8,877
- The futures remained technically bullish but in a corrective phase yesterday with price below the weekly pivot level (USD 8,948), warning that Fibonacci support remained vulnerable. A close on the daily candle above this level would imply buyside pressure was increasing, meaning the USD 9,091 fractal resistance could come under pressure. If broken, then we target the USD 9,164.5 fractal high. The MA on the RSI was flat, suggesting sell side momentum was starting to slow down. Based on our Elliott wave analysis, we maintained our view that downside moves look like they could be countertrend at this point. The futures consolidated yesterday before seeing a small move lower on the Asian open. Price is below the EMA support 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 8,877 with the RSI at or above 50 will mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 8,677 will support a bull argument, below this level the technical will have a neutral bias.
- Unchanged on the technical today, we have seen a small move lower meaning we are below the weekly pivot level (USD 8,948) and EMA support band. If we do trade below the USD 8,677 level, then the probability of the futures trading to a new high will start to decrease. However, our intraday Elliott wave analysis does suggest that the downside move looks like they could be countertrend at this point. The MA on the RSI is suggesting momentum remains weak, but the MA is starting to flatten, implying sell side momentum is showing signs of slowing down. It is only minor, but the stochastic is now in divergence with the RSI, again, warning sell side momentum could be slowing.

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,317	R1	2,341	RSI above 50	Stochastic overbought
S2	2,289	R2	2,367		
S3	2,276	R3	2,399		

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (59)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,317
- Technically bullish yesterday, the upside move to a new high meant that the futures were now in divergence with the RSI. Not a sell signal, it warned that we had the potential to see a momentum slowdown, which would need to be monitored. For this reason, we were now cautious on upside moves at these levels, as the futures are starting to look vulnerable to a technical pullback. the futures did see a small move higher, before selling lower in the Asian day session. We are above all key moving averages with the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 2,317 with the RSI at or below 57.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 2,276 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the RSI rejected its resistance level; however, the divergence is now questionable as it is so minor. There is now a chance that we could see an Elliott wave extension (it has not been confirmed yet), if we do, then downside moves will be considered as countertrend. This technical is in balance, meaning we are taking a neutral view until it become clear whether we will see a wave extension or not.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,479	R1	2,479	Stochastic oversold	RSI below 50
S2	2,445	R2			
S3	2,418	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (43)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,489
- Technically bullish but in a corrective phase yesterday, our intraday Elliott wave analysis continued to suggest that downside moves had the potential to be countertrend. The new low meant that we now had a marginal positive divergence with the RSI; not a buy signal, it warned that we could see a momentum slowdown which needed to be monitored, suggesting caution on downside moves. The intraday upside move yesterday rejected the weekly pivot level (USD 2,513) resulting in a small move lower in the Asian day session. We are below the EMA resistance band (averages have now crossed) with the RSI below 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 2,489 with the RSI at or above 46.5 will mean price and momentum are aligned to the buy side. Downside moves that hold at or above USD 2,445 will support a bull argument, below this level the technical will have a neutral bias. Likewise, upside moves that fail at or below USD 2,552 will leave the futures vulnerable to further tests to the downside, above this level the USD 2,592 fractal high will start to look vulnerable.
- The longer-term trend remains bullish (Elliott wave), but price is still in a corrective phase. The futures are in divergence with the RSI, not a buy signal, it is a warning that we could see a momentum slowdown, which will need to be monitored. For this reason, we remain cautious on upside moves at this point. A close on the daily candle above USD 2,513 (weekly pivot) will warn that buy side pressure is increasing, meaning we could see resistance levels come under pressure.

Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	17,019	R1	17,076	Stochastic oversold	RSI below 50
S2	16,719	R2	17,466		
S3	16,210	R3	17,495		

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 17,076
- Unchanged on the technical yesterday, the futures remained in divergence within a 5-wave pattern lower. This suggested that we looked to be still in a corrective wave-A, the divergence was implying caution on downside moves, with upside moves looking like they could be countertrend. The MA on the RSI was flat, indicating that sell side momentum was slowing down. The futures have traded lower with the 4-hour divergence failing. 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 17,076 with the RSI at or above 39.5 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 17,983 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, the downside move yesterday below the USD 17,019 level is warning that the probability of the futures trading to a new high has started to decrease. This fits into our interpretation of the Elliott wave cycle, as we look to be on wave 5 of wave A (the first wave in the corrective cycle is A), meaning upside moves are considered as countertrend at this point. The 4-hour divergence has failed; however, we are in divergence on the lower timeframe, meaning we remain cautious on downside moves at this point.

Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,008	R1	2,028.5	Stochastic oversold	RSI below 50
S2	1,970	R2			
S3	1,959	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 2,039
- Unchanged on the technical yesterday, we remained bearish with the MA on the RSI still flat, suggesting sell side momentum was slowing down. The 1-hour RSI was still in divergence warning we were vulnerable to a momentum slowdown, suggesting caution on downside moves at these levels. The futures have seen a small move lower, we remain below all key moving averages with the RSI below 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle below USD 2,039 with the RSI at or below 35 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 2,122 will leave the futures vulnerable to further tests to the downside.
- Unchanged again. We remain bearish with both the 1-and-4-hour RSIs in divergence, whilst the MA on the RSI is flat with price and momentum conflicting. The futures are showing signs of exhaustion, warning we are looking vulnerable to a move higher in the near-term.