

China

US Treasury Secretary Janet Yellen wrapped up four days of talks in China with a warning to the country's banks and exporters: If you help bolster Russia's military capacity, Washington will come after you.

"I stressed that companies, including those in the PRC, must not provide material support for Russia's war, and that they will face significant consequences if they do," Yellen said Monday in prepared remarks for a press conference at the US ambassador's residence in Beijing, using an abbreviation for the People's Republic of China.

"Any banks that facilitate significant transactions that channel military or dual-use goods to Russia's defense industrial base expose themselves to the risk of US sanctions," she said.

The Biden administration is trying to crack down on firms worldwide that help Russia evade the net of sanctions that the US and its allies have imposed on Moscow since its invasion of Ukraine in 2022. While China has been the target of past warnings, Yellen's Monday message, delivered in the Chinese capital, was unusual for its direct threat of sanctions.

It came on the day that Russian Foreign Minister Sergei Lavrov arrived in Beijing to discuss issues including Ukraine. While China describes its position on the war as neutral, trade with Russia has surged since it began. (Bloomberg)

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Zinc extended its drop from the highest close in more than three months as demand in China, the biggest consumer, remains weak.

Zinc rose over 8% last week, the most since January 2023, as industrial metals rallied on supply risks and tentative signs of recovery in the global manufacturing sector.

"Weak Chinese consumption will constrain downstream users from replenishing inventories," Guotai Junan Futures Co. said in a note. Zinc prices face pressure to retreat, it said.

Zinc, used to galvanize steel, fell 1.1% to \$2,609 a ton on the London Metal Exchange as of 10:55 a.m. in Shanghai. Prices closed at \$2,645.50 on Thursday, the highest since Dec. 29. Other metals were mixed, with copper adding 0.5% to \$9,380 a ton.

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	9,299	R1	9,338.5	RSI above 50	Stochastic overbought
S2	9,218	R2			
S3	9,160	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- The RSI above 50 (65)
- Stochastic is overbought
- Price is above the daily pivot point USD 9,299
- Technically bullish on Friday, we were seeing a pullback on the back of the negative divergence with the RSI, making USD 8,987 the key level to follow. If broken, then the probability of the futures trading to a new high would start to decrease. Based on lower timeframe Elliott wave analysis, we maintained our view that the current intraday move lower looked like it could be countertrend in the near-term. The futures traded to a low of 9,209 on Friday before finding light bid support. We did open the Asian session under light pressure this morning, but held the weekly pivot at USD 9,218, again resulting in light bid support. Price is above the EMA support band with the RSI above 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle above USD 9,299 with the RSI at or above 51.5 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. Downside moves that hold at or above USD 8,987 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish with our intraday Elliott wave analysis continuing to suggest that downside moves look like they could be countertrend at this point. Upside moves that trade above USD 9,397.5 will have a potential upside target at USD 9,593; however, a new high will create a negative divergence with the RSI, warning we could see a momentum slowdown. For this reason, we have a note of caution on upside breakouts.

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,441	R1	2,456	RSI above 50	Stochastic overbought
S2	2,414	R2			
S3	2,392	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (69)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,441
- Unchanged on the technical previously, we remained bullish with downside moves looking like they could be countertrend based on the recent RSI high. The daily candle pattern on Thursday was not a spinning top, or a Doji; however, the candle body was small with up and downside rejection on it, warning that there was indecision in the market. This was not a sell signal, but did suggest market buyers should be cautious, as the indecision warned that we could see some form of technical pullback in the near-term. The pullback has been light with price trading to a new high on the Asian open, meaning we remain above all key moving averages supported by the RSI above 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle above USD 2,441 with the RSI at or above 73 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. Downside moves that hold at or above USD 2,340 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the new high on the open means that the futures are in divergence with the RSI, not a sell signal, it is a warning that we could see a momentum slowdown which will need to be monitored. However, there does look to be a larger bullish Elliott wave cycle in play that warns downside moves still look like they could be countertrend, making USD 2,340 the key support to follow. If broken, then the probability of the futures trading to a new high will start to decrease. A cautious bull at this point due to the divergence that is in play.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,578	R1	2,594	RSI above 50	Stochastic overbought
S2	2,557	R2			
S3	2,529	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (58)
- Stochastic is overbought
- Price is below the daily pivot point USD 2,629
- Technically bullish last week, the new high meant that the futures were in divergence with the RSI. Not a sell signal, it warned that we could see a momentum slowdown which needed to be monitored. However, lower timeframe Elliott wave analysis suggested that there was possibly one more test to the upside within this cycle, meaning intraday downside moves could be countertrend in the near-term. The futures are moving lower on the negative divergence with the RSI, we remain above the EMA support band with the RSI above 50, intraday price and momentum are now aligned to the sell side.
- A close on the 4-hour candle above USD 2,629 with the RSI at or above 67 will mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 2,490 will support a bull argument, below this level the technical will have a neutral bias.
- Unchanged on the technical today, price is moving lower on the divergence in what looks to be a counter-trend move based on a lower timeframe Elliott wave cycle, making USD 2,490 the key support to follow. If broken, then the probability of the futures trading to a new high will start to decrease, warning that the wave cycle could fail. A close below the weekly pivot level on the daily chart (USD 2,578), will imply sell side pressure is increasing, warning support levels could come under pressure.

Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	17,478	R1	17,605	RSI above 50	Stochastic overbought
S2	17,335	R2			
S3	17,182	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA resistance band (Black EMA's)
- RSI is above 50 (57)
- Stochastic is overbought
- Price is below the daily pivot point USD 17,696
- Technically, the upside move still looked like it could be a countertrend wave B on Friday; however, we were approaching the USD 17,896 resistance. If broken, then the probability of the futures trading to a new low would start to decrease. The MA on the RSI warned that momentum remained supported, but the averages were starting to flatten, implying buyside momentum was slowing. We also noted that the overnight pullback was on a lower timeframe RSI divergence, above USD 17,750 it will create a second divergence. Not a sell signal, it also suggested that buyside momentum could be slowing, implying caution on upside breakouts above USD 17,750. The futures traded to a high of USD 17,830 before moving lower. We remain above the EMA resistance band with the RSI above 50, intraday price and momentum are aligned to the buyside, as price was above the daily pivot with the RSI above its average on the previous candle close.
- A close on the 4-hour candle below USD 17,696 with the RSI at or below 57.5 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 17,896 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 16,975 will support a near-term bull argument, below this level will warn that the USD 16,535 fractal low could come under pressure.
- The intraday technical is bullish based on price; however, the Elliott wave cycle continues to suggest that upside moves look like they could be a countertrend wave B, implying caution on upside moves at this point. If we do trade above the USD 17,896 resistance, it will warn that the probability of the futures trading to a new low will start to decrease.

Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,192	R1	2,125	RSI above 50	
S2	2,089	R2	2,147.5		
S3	2,071	R3	2,172		

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (58)
- Stochastic is above 50
- Price is below the daily pivot point USD 2,125
- Technically bearish on Friday, we had a neutral bias, the probability of the futures trading to a new low had started to decrease. The MA on the RSI implied that momentum was supported; however, we had a minor divergence with the RSI in play. This was not a sell signal, but it warned that we could see a momentum slowdown in the near-term. Corrective moves lower that held above the USD 2,046 level will warn that there was potentially a larger bullish cycle coming into play. The futures have moved lower on the negative divergence with price still above the EMA support band, the RSI is above 50 but price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 2,125 with the RSI at or above 65.5 will mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 2,046 will support a near-term bull argument, below this level the USD 2,008 – USD 1,995 fractal support zone will be vulnerable.
- Unchanged on the technical, we remain bearish with a neutral bias. Price is moving lower on the back of a negative divergence; however, we are seeing intraday bid support having held above the weekly pivot level (USD 2,192). If we close on the daily candle below this level, it will warn that sell side momentum is increasing, meaning we could see the USD 2,046 level come under pressure. This is a key support, if it holds, it will warn that there is potentially a larger bull cycle coming into play; if broken, then the USD 2,105 – USD 2,095 fractal support zone could come under pressure.

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