

China

The foreign exchange market shows strong resilience and there is still room for monetary policy in the future, Zhu Hexin, head of the State Administration of Foreign Exchange and deputy governor of the People's Bank of China, says in a briefing. (Bloomberg)

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Washington | US President Joe Biden dismissed concerns of a new trade war with China after declaring a tripling of tariffs on Chinese steel and aluminium imports.

The move, designed to shore up worker support in battleground states such as Pennsylvania and Ohio, is unlikely to hurt demand for Australia's iron ore and coal, which are used to make steel.

US Trade Representative Katherine Tai and some senators told The Australian Financial Review that the US would monitor closely any impacts on Australian exports from the latest policy announcement directed towards China.

In remarks to the United Steelworkers union in Pittsburgh, President Biden called for more than tripling the existing 7.5 per cent tariff on Chinese steel and aluminum imports, new pressure on Mexico to prevent China from shipping metals to the United States via Mexican ports, and an investigation of Chinese subsidies for its shipbuilding industry. None of this amounted to a "trade war" with China, he insisted.

The shipbuilding probe, launched by Ms Tai, could lead to the imposition of fresh tariffs or other penalties on Chinese vessels. The investigation is a response to a petition from the United Steelworkers and four other unions.

The populist, protectionist moves, which adds to increases on similar tariffs under the Trump administration, is designed to woo steel industry workers in battleground states in November's presidential election. Last month, Mr Biden said he would not support Nippon Steel's proposed \$US14.1 billion (\$22 billion) acquisition of US Steel.

"President Biden knows that steel is the backbone of the American economy," the White House said in a statement. "American workers in the steel and aluminum industries face a significant challenge from Chinese exports of steel and aluminum."

The action, however, is largely symbolic, given US imports of Chinese steel and aluminium totalled just \$US1.7 billion last year. Chinese steel accounts for only 1 per cent of America's domestic supply, and aluminium for about 3.6 per cent of total imports (Bloomberg).

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The Philippines, the second-largest mined-nickel producer globally after Indonesia, saw nickel ore output hit an all-time high of more than 35 million metric tons in 2023. The country is a vital source of nickel ore for smelters in China, Japan and South Korea. However, declining ore grades threatens the quality of its output. Nickel content in Philippine ore has been falling since 2018, posing risks to production for smelters as they will have to process larger volumes (Bloomberg).

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	9,533	R1	9,592.5	RSI above 50	
S2	9,420	R2			
S3	9,350	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- The RSI above 50 (60)
- Stochastic is above 50
- Price is BOVE the daily pivot point USD 9,533
- Unchanged on the technical yesterday, the futures had sold lower on the back of the original divergence. The MA on the RSI is implied momentum was weak, warning support levels remained vulnerable. We remained cautious on upside moves due to the potential for further divergences; we noted that we needed to see the futures close below and hold below the weekly pivot on the daily candle (USD 9,404). If we did, it would suggest that sell side pressure is increasing. The futures held above the weekly pivot level resulting in price moving higher. We are above all key moving averages supported by the RSI above 50, intraday price and momentum are aligned to the buy side.
- A close on the 4-hour candle below USD 9,533 with the RSI at or below 55.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 9,350 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the futures have held above the EMA support band and the weekly pivot level. We are moving higher; however, the MA on the RSI is flat, implying momentum is neutral. Upside moves above USD 9,640.5 will create a negative divergence with the RSI, not a sell signal, it is a warning that we could see a momentum slowdown on a new high, implying caution on upside breakouts. We may move higher in the near-term; however, due to the divergence in play, the futures are not considered a technical buy at these levels.

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,548	R1	2,584	RSI above 50	Stochastic overbought
S2	2,502	R2			
S3	2,429	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (62)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,572
- The futures had found light bid support yesterday having seen a small test to the downside previously. We maintained our view that the current corrective move lower was potentially countertrend, making USD 2,429 the key support to follow. If broken, then the probability of the futures trading to a new low would start to decrease. The futures continue to find light bid support, we are above all key moving averages supported by the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 2,572 with the RSI at or below 58.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 2,429 will support a bull argument, below this level the technical will have a neutral bias.
- We remain technically bullish with price above a rising EMA support band. The RSI is holding MA support; however, the MA remains flat, implying momentum is neutral. In theory, downside moves should be considered as countertrend at this point, based on our intraday Elliott wave analysis. If we do see a close on the daily candle below the weekly pivot level (USD 2,466), it will warn that sell side pressure is increasing. Likewise, a move below USD 2,429 will warn that the probability of the futures trading to a new high will start to decrease, meaning the bullish Elliott wave cycle has a higher chance of failing.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,803	R1	2,823	RSI above 50	Stochastic overbought
S2	2,728	R2			
S3	2,677	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (60)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,803
- Technically bullish yesterday, the futures were moving higher having rejected the EMA support band, we maintained our view that downside moves look to be countertrend. Momentum continued to conflict, as the MA on the RSI warned of weakness, but the RSI was above 50 whilst the stochastic is oversold. If the RSI held above 50, momentum warned that we could move higher; however, below 50 the stochastic would become less relevant. Having held EMA support the futures have traded higher, we remain above all key moving averages supported by the RSI above 50, intraday price and momentum are aligned to the buy side.
- A close on the 4-hour candle below USD 2,803 with the RSI at or below 54.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 2,606 will support a bull argument, below this level the technical will have a neutral bias.
- The upside move has breached the USD 2,832 resistance, meaning that the probability of the futures trading to a new low has started to decrease, this is also suggesting that we could test the USD 2,897 fractal high. The MA on the RSI is starting to turn higher, but the turn is only slight, momentum is showing signs of light support. Based on our intraday Elliott wave analysis, we maintain our view that downside moves look to be countertrend at this point.

Nickel Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	18,280	RSI above 50	Stochastic overbought
S2	R2			
S3	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (56)
- Stochastic is overbought
- Price is above the daily pivot point USD 18,015
- Technically bullish with a neutral bias yesterday, below USD 17,555 the intraday technical would be bearish based on price. The MA on the RSI was flat, implying sell side momentum was slowing, the RSI was above 50 whilst the stochastic was oversold. If the RSI held above 50, and price and momentum become aligned to the buy side, we could see the USD 18,267 resistance come under pressure. However, failure to trade above/hold above the weekly pivot level (USD 18,005), would warn that support levels remain vulnerable. The RSI held above 50 resulting in the futures trading above the USD 18,267 resistance being broken. We are above all key moving averages supported by the RSI above 50, intraday price and momentum are aligned to the buy side.
- A close on the 4-hour candle below USD 18,015 with the RSI at or below 49.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 17,493 will warn that there is potentially a larger bullish Elliott wave cycle in play. Likewise, upside moves that fail at or below USD 18,756 will leave the futures vulnerable to further tests to the downside, above this level the USD 19,355 fractal resistance will be vulnerable.
- Technically bullish with a neutral bias, the futures have held above the USD 17,493 support, resulting in a move higher. We have seen a close above the weekly pivot level (USD 18,005), if we hold above this level then we could see the USD 18,756 resistance come under pressure. This is a key level as it looks like we have completed a bull cycle, implying upside moves could be countertrend. Having held key support, if we trade above the USD 18,756 level, it will warn that there is potentially a larger bull cycle in play. The MA on the RSI is flat at this point, indicating that momentum is neutral. We remain cautious on upside moves at this point based on the depth of the initial pullback.

Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,159	R1	2,175	RSI above 50	
S2	2,129	R2			
S3	2,116	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (56)
- Stochastic is below 50
- Price is above the daily pivot point USD 2,159
- Technically bullish but in a corrective phase due to the divergence in play yesterday, we maintained a cautious view on upside moves, implying support levels were vulnerable. Below USD 2,129 the probability of the futures trading to a new high within this phase of the cycle would start to decrease. However, corrective moves lower that hold at or above USD 2,064 would warn that there was potentially a larger, bullish Elliott wave cycle in play. The futures had closed below the weekly pivot level yesterday (USD 2,152), if we held below it, then the USD 2,129 support could be tested and broken. We noted that if we closed back above USD 2,152 on the daily candle, we would have a note of caution, as it would warn that buy-side pressure was increasing. The futures held above the USD 2,129 support level resulting in a close on the daily candle above the weekly pivot level, warning buy-side pressure is increasing. We are above all key moving averages supported by the RSI above 50, intraday price and momentum are aligned to the buy-side.
- A close on the 4-hour candle below USD 2,159 with the RSI at or above 52 will mean price and momentum are aligned to the sell side. Downside moves that held at or above USD 2,129 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the futures held key support with price producing a bullish close back above the weekly pivot level yesterday, warning that the USD 2,198 fractal high is starting to look vulnerable. If broken, then we have the potential to trade as high as USD 2,228. However, a new high is going to create a negative 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.

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