

China

HONG KONG -- Chinese leader Xi Jinping and other top Communist Party officials used 22,000 characters in laying out a blueprint for reviving the economy in the coming years and signaling an intention to rev up growth in the coming months.

On some of the thorniest issues, however, the document had little new to say -- fueling concern among some economists about the country's longer-term prospects.

The world's second-largest economy, whose growth slipped markedly in the second quarter, is straining under \$7 trillion to \$11 trillion in hidden local-government debt. It is also struggling with a prolonged property crisis.

Anticipation was high among economists that Beijing would unveil plans for tackling those problems after party leaders gave a rare nod to both in a communique issued Thursday at the conclusion of the Third Plenum, a major policy meeting in Beijing intended to set priorities for the next half decade.

But those details were missing from the full blueprint, published Sunday.

"Waiting for the details on the actual reforms that China's leadership commits to implementing from this Third Plenum, the first impression is that the above measures will probably not be enough to solve China's economic woes," said Alicia Garcia-Herrero, chief economist for Asia-Pacific at investment bank Natixis. (Bloomberg/WSJ).

Cu

Copper fell to lowest level in almost four months on concern that Chinese demand for industrial metals is weakening.

A twice-a-decade conclave of China's top leadership held last week has so far failed to deliver any meaningful stimulus that might support metals demand. The red metal has retreated almost a fifth from a high in late May, partially due to disappointing growth in Asia's largest economy.

Copper dropped 0.7% to \$9,150 a ton on the London Metal Exchange as of 3:11 p.m. in Shanghai after touching the lowest level since early April. Zinc lost 1.2%, nickel was down 0.7%, while aluminum climbed 0.5%.

Traders are also waiting for the Federal Reserve's preferred underlying inflation measure, to be released Friday, for clues on the timing of US rate cuts. (Bloomberg).

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	9,156	R1	9,221.5	RSI below 50	Stochastic oversold
S2	9,054	R2			
S3	8,975	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- The RSI below 50 (29)
- Stochastic is oversold
- Price is below the daily pivot point USD 9,255
- Unchanged on the technical yesterday, we remained bearish with the futures in divergence on a lower timeframe. Not a buy signal, it warned that we had the potential to see a momentum slowdown, which needed to be monitored. However, our intraday Elliott wave analysis continued to suggest that upside moves should be considered as countertrend. We were a cautious bear, as the divergence warned that we could see an intraday move higher in the near-term.
- The futures traded to a low of USD 9,172 yesterday, before opening with light bid support, to trade to a high of USD 9,273.5. We remain below all key moving averages supported by the RSI below 50, intraday price and momentum are now conflicting.
- A close on the 4-hour candle above USD 9,255 with the RSI at or above 31.5 will mean price and momentum are aligned to the buy side. Likewise, a close below this level with the RSI at or below 27 will mean it is aligned to the sell side. Upside moves that fail at or below USD 9,665 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, the MA on the RSI is starting to flatten, implying that sell side momentum is slowing down. The lower timeframe RSI (1-hour) is still in divergence, not a buy signal, it is a second warning that sell side momentum could be slowing. However, as noted yesterday, we maintain our view based on Elliott wave analysis that upside moves look like they could be countertrend at this point.

Aluminium Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,326	Stochastic oversold	RSI below 50
S2	R2			
S3	R3			

Source Bloomberg

Synopsis - Intraday

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (28)
- Stochastic is oversold
- Price is on/above the daily pivot point USD 2,325
- Technically bearish yesterday, the MA on the RSI indicated that momentum remained weak with price in divergence with the RSI, not a buy signal it warned that we could see a momentum slowdown. Intraday Elliott wave analysis continued to suggest that upside moves look like they should be considered as counter-trend, meaning we had a note of caution due to the divergence in play.
- The futures traded to a low of USD 2,296; however, a bullish rejection candle on the close has been followed by light bid support on the Asian open. We are below the 8-21 period EMA's with the RSI below 50; intraday price and momentum are aligned to the sell side, as the previous candle closed below the daily pivot whilst the RSI was below its average.
- A close on the daily candle above USD 2,325 with the RSI at or above 29.5 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 2,423 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, the MA on the RSI is implying that momentum remains weak, but the intraday divergence has failed. The close yesterday means that the futures are now below the daily 200-period MA (USD 2,354), making this a near-term area of resistance. We maintain our view that upside moves look like they could be countertrend at this point, the degree of separation between the short and longer-term EMA's does support this, as it implies that the intraday bear trend looks stable at this point. If we do trade above the USD 2,423 resistance, then the probability of the futures trading to a new low will start to decrease. The intraday rejection candle on the close yesterday is warning that there is support at lower levels, if price and momentum become aligned to the buyside, then resistance levels could come under pressure in the near-term.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,672	R1	2,748	Stochastic oversold	RSI below 50
S2	2,645	R2	2,823		
S3	2,615	R3	2,857		

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (28)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,748
- Technically bearish yesterday, the futures had seen a small move higher on the open due to a lower timeframe positive divergence, warning sell side momentum had the potential to slowdown. However, intraday Elliott wave analysis suggested that upside moves look like they will be countertrend, making USD 2,902 the key resistance to follow. A move above this level would warn that the probability of the futures trading to a new low had started to decrease. We maintained a cautious view on downside moves at these levels due to the divergence in play.
- The upside move on the open failed to hold, resulting in the futures selling lower, meaning the divergence highlighted yesterday has now failed. The pullback on the open was not deep enough to be the countertrend move that we had been looking for. 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 2,748 with the RSI at or above 33 will mean price and momentum are aligned to the buy side. Upside moves that fail at or below USD 2,904 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, the MA on the RSI is implying that momentum is weak, the average has started to flatten a little, warning we are seeing early signs that it could be slowing down. However, the MA on the daily chart is indicating that the higher timeframe momentum remains weak, whilst the degree of separation between the intraday EMA's implies that the bearish trend remains stable, indicating resistance levels should in theory hold if tested. Our intraday Elliott wave analysis supports this, as it suggests that upside moves look like they will be countertrend.

Nickel Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	16,154	R1	16,195	Stochastic oversold RSI below 50
S2	15,707	R2	16,654	
S3	15,260	R3	17,079	

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (32)
- Stochastic is oversold
- Price is below the daily pivot point USD 16,195
- Technically bearish yesterday, the longer-term technical remained in divergence with the RSI, whilst below USD 16,200 the 1-hour RSI will also be in divergence, warning we could see a momentum slowdown, implying caution on downside moves at these levels. Our Elliott wave analysis continued to suggest we had the potential to trade as low as USD 15,260, whilst a lower timeframe wave cycle is warning that intraday upside moves now have the potential to be countertrend in the near-term.
- The futures have moved sideways to slightly lower, we are below all key moving averages supported by the RSI below 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle below USD 16,195 with the RSI at or below 29.5 will mean price and momentum are aligned to the sell side; likewise, a close above this level with the RSI at or above 33 will mean it is aligned to the buy side. Upside moves that fail at or below USD 17,079 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Unchanged on the technical today, we remain in divergence on the longer-term and 1-hour timeframes, warning we have the potential to see a momentum slowdown. however, our lower timeframe Elliott wave analysis is suggesting that intraday upside moves look like they will be countertrend in the near-term.

Lead Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,083	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 (29)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,104
- Unchanged on the technical yesterday. The MA on the RSI implied that momentum was weak, whilst intraday Elliott wave analysis suggested that upside moves should be considered as countertrend, making USD 2,182 the key resistance to follow. A move above this level would warn that the probability of the futures trading to a new low had started to decrease.
- The futures continue to sell lower with price remaining 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 2,104 with the RSI at or above 36.5 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 2,174 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, the MA on the RSI is implying that momentum remains weak at this point. However, the 1-hour RSI is now in divergence, warning that we have the potential to see a momentum slowdown. Our intraday Elliott wave analysis remains unchanged with upside moves still looking like they should in theory be countertrend. If we do trade above the USD 2,174 level, then the probability of the futures trading to a new low will start to decrease.

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