

## China

China's factory activity contracted for a third straight month in July, leaving the economy on a weak trajectory that's frustrating Beijing's efforts to sustain faster growth.

The official manufacturing purchasing managers' index hit 49.4, the National Bureau of Statistics said Wednesday. The number matched economist forecasts and was slightly worse than June's reading of 49.5. The gauge has stayed below the 50-mark separating growth from contraction for all but three months since April 2023. (Bloomberg).

## Metals

Copper advanced more than 2%, along with other metals including zinc and tin, after weak factory data from China bolstered expectations for Beijing to take stronger action to support a struggling economy.

The nation's factory activity shrank for a third straight month in July, extending the weakness in manufacturing that's weighed on metals prices. Onshore investors appeared to take the latest downbeat data as a harbinger of more stimulus, with Chinese equities enjoying their best day since April.

Disappointing demand from China has offered a powerful headwind for metals markets that began 2024 on relatively bullish form. Copper — which reached a record in May — on Tuesday closed at its lowest level in nearly four months, although there are tentative signs that Chinese buyers are returning to the market.

The factory data comes the day after China's top leaders recognized difficulties in the economy and pledged more steps to reboot sputtering growth. Separately, major global miner Rio Tinto Group said demand for its products from China remained "fairly robust and stable."

Copper rose as much as 2.2%, before paring gains to trade at \$9,145 a ton by 9:03 a.m. London time, up 1.9%. Iron ore futures in Singapore advanced 1.7% to reach \$100.80 a ton. (Bloomberg)

## Cu

China's copper market is showing a tentative improvement after a months-long slump in demand that stunned bullish investors and dragged prices down from a record high.

While there's no major turnaround so far, analysts and traders in China say that buyers in the world's biggest copper market are starting to dip in again after prices crashed from above \$11,000 a ton in May to below \$9,000 this week.

"We're still subscribing to the view that the weakness in the second quarter was due to a delay in demand because there was a partial buyers' strike," said Robert Edwards, principal analyst at CRU Group. But he cautioned that market metrics still don't point to a large-scale comeback (Bloomberg).

# Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	9,101	R1	9,289	RSI below 50	
S2	8,991	R2	9,409		
S3	8,900	R3	9,572		

## Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- The RSI below 50 (46)
- Stochastic at 50
- Price is above the daily pivot point USD 8,997.5
- Unchanged on the technical on Monday. We remained bearish with the MA on the RSI is implying that we had momentum support; however, our intraday Elliott wave analysis indicated that upside moves look like they could be countertrend. We were consolidating in the intraday resistance area from the 23rd-24th. A move above that closed above the USD 9,163 level on the 4-hour candle will warn that the Fibonacci resistance zone could come under pressure in the near-term; likewise, downside moves below USD 8,991 would suggest that we could be in the early stages of a bearish impulse Elliott wave 5, meaning the USD 8,900 fractal low would start to look vulnerable.
- The futures broke to the downside and traded to a low of USD 8,915 before finding bid support, resulting in a bullish rejection candle on the daily chart. We have moved higher again this morning with price testing the base of the EMA resistance band, the RSI is below 50 whilst price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 8,997.5 with the RSI at or below 36.5 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 9,572 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 we have light momentum support. The downside move yesterday traded within USD 15 of the fractal low; however, support has held, resulting in price moving higher, making the technical a little more complex. In an ideal world of technical analysis, we would have liked to have seen the futures trade below USD 8,900, confirming that we had entered the Elliott wave 5, thus achieving the minimum requirement for phase/cycle completion. The downside rejection yesterday means the futures breached but failed to close below the daily 200 period MA, warning we have underlying support in the market; however, we are now trading back in the Consolidation zone from the 23rd-24th if this month; if we trade above and close above the USD 9,163, it will warn that the USD 9,572 resistance could come under pressure, if the zone holds, we could have another test lower. In theory, having failed to make a new low, this upside move is still considered to be countertrend. In reality, we have held the 200-period MA; if we do move lower, we remain cautious on downside breakouts below USD 8,900 due to an underlying support in the market.

# Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,233.5	R1	2,252		RSI below 50
S2	2,172	R2			
S3	2,152	R3			

Source Bloomberg

## Synopsis - Intraday

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (35)
- Stochastic is below 50
- Price is above the daily pivot point USD 2,233
- Technically bearish on the last report, the futures were consolidating. The MA on the RSI implied that we had light momentum support; downside moves below USD 2,266 will create a positive divergence with the RSI, implying caution on moves below this level, in the near-term. However, our intraday Elliott wave analysis indicated that upside moves look like they could be countertrend, making USD 2,413 the key resistance to follow. A move above this level would warn that the probability of the futures trading to a new low would start to decrease. Note; if we traded to a new low before moving higher, it would indicate that we are seeing a downside Elliott wave extension within the existing cycle, meaning upside moves should still be considered as countertrend.
- The futures traded to a new low; however, price has found light bid support, resulting in a rejection candle on the daily chart. We remain below the EMA resistance band with the RSI below 50, intraday price and momentum are aligned to the buy side.
- A close on the 4-hour candle below USD 2,233 with the RSI at or below 26.5 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 2,394 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, the futures are moving higher on the intraday divergence with the RSI, implying resistance levels are vulnerable. However, as noted on Monday, we have traded to a new low before moving higher, meaning upside moves should be considered as countertrend, making USD 2,394 the key resistance to follow.



# Zinc Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,680		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 (45)
- Stochastic is at 50
- Price is above the daily pivot point USD 2,638
- Technically bearish on the previous report, the downside move had failed to trade to a new low with the RSI finding support on its average; the MA is implied that momentum was supported, warning that the Fibonacci resistance zone could come under pressure in the near-term. However, intraday Elliott wave analysis continued to suggest that upside moves look like they will be countertrend, making USD 2,877 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 were on a wave 4 of the Elliott wave cycle (countertrend move higher), if we traded below the USD 2,632.5 fractal low, it would confirm we have entered a bearish wave 5.
- The futures sold to a new low, resulting in price finding bid support on the back of the positive divergence. We remain below all key moving averages with the RSI below 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 2,638 with the RSI at or below 35 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 2,871 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- The downside move followed by a move higher is warning that the lower timeframe Elliott wave cycle could soon complete, but we await confirmation; however, it is looking like there could be a larger wave cycle in play, meaning upside moves are still considered as countertrend, making USD 2,871 the key resistance to follow. A move above this level will warn that the probability of the futures trading to a new low has started to decrease. The move higher on the back of a positive divergence is warning that resistance levels are vulnerable in the near-term, this also means we are cautious on downside moves at this point.

# Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	16,003	R1	16,600	RSI above 50	Stochastic overbought
S2	15,600	R2	16,920		
S3	15,260	R3	17,600		

**Synopsis - Intraday**

Source Bloomberg

- Price is above the EMA resistance band (Black EMA's)
- RSI is above 50 (60)
- Stochastic is overbought
- Price is above the daily pivot point USD 16,003
- Technically bearish on the last report, the MA on the RSI implied that momentum was supported, warning that the Fibonacci resistance zone could come under pressure in the near-term. However, our intraday Elliott wave analysis continues to suggest that upside moves look like they could be countertrend, making USD 16,920 the key resistance to follow. A move above this level will warn that the probability of the futures trading to a new low has started to decrease. Note: we were still yet to confirm that we have entered an Elliott wave 4 on the lower timeframe (countertrend move higher), meaning we remain cautious on downside moves at this point.
- The futures have continued to move higher, confirming that we are now in a countertrend wave 4. We are above the EMA resistance band with the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 16,003 with the RSI at or below 43.5 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 16,920 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; the MA on the RSI is implying that momentum is supported at this point. We have moved nearly USD 900 higher in the last 4-days with price approaching the 50% Fibonacci resistance (16,600), whilst the intraday bull candles are getting smaller, warning we could see an intraday pullback soon. If we trade above USD 16,920, then 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	2,043	R1	2,055	Stochastic oversold	RSI below 50
S2	2,028	R2			
S3	1,966	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (41)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,043
- Unchanged on the technical on Friday. We remained bearish with intraday Elliott wave analysis suggesting that upside moves look like they would be countertrend, making USD 2,157 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. As previously noted, we remained cautious on downside moves at those levels.
- The futures have moved higher with price trading between the EMA resistance band. The RSI is below 50 with intraday price and momentum aligned to the buyside.
- A close on the 4-hour candle below USD 2,063 with the RSI at or below 34 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 2,157 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 supported at this point, making USD 2,157 the key resistance to follow. A move above this level will warn that the probability of the futures trading to a new low will start to decrease. We have now entered an Elliott wave 4 on a lower timeframe (upside countertrend move).

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