



Base Morning Technical Report

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China

China's remaining growth engines are showing signs of sputtering while the property market continues to drag on the economy, highlighting the urgency of government intervention to keep an increasingly unlikely growth target in sight.

Factory activity contracted for a fourth straight month in August, according to an official poll of manufacturers. The latest sales figures showed a worsening residential slump, after China Vanke Co. — one of the nation's biggest developers — underlined the industry's woes late Friday by reporting a half-year loss for the first time in more than two decades.

Even the private Caixin manufacturing purchasing managers index — which has tended to show stronger results — flashed warning signs, despite recovering to 50.4 last month after slipping into contraction in July. The cost of production materials fell for the first time in five months, while manufacturers slashed selling prices to remain competitive. (Bloomberg).

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	9,191	R1	9,286		RSI below 50
S2	9,120	R2	9,359		
S3	9,031	R3	9,453		

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- The RSI below 50 (47)
- Stochastic is below 50
- Price is below the daily pivot point USD 9,286
- Technically bullish with a neutral bias on the last report, the futures had consolidated previously in the resistance zone that formed between the 19th-21st of August, this had acted as a support area, resulting in a move higher on the open. The MA on the RSI implied that momentum remained weak, whilst the breach below USD 9,233 previously meant that the probability of the futures trading to a new high had started to decrease. We maintained our view that support levels remained vulnerable; however, if we did trade above the USD 9,368 resistance, then the technical would be back in bullish territory, suggesting the USD 9,453 fractal resistance could be tested and broken.
- The futures initially moved higher off the support zone, resulting in a breach of the USD 9,368 resistance; however, the move failed to hold, meaning we had an upside rejection candle (4-hour) and a move lower. We are below the EMA resistance 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 9,286 with the RSI at or above 54 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 9,359 will leave the futures vulnerable to further tests to the downside, above this level the technical will be back in bullish territory.
- Technically bullish with a neutral bias, the MA on the RSI continues to suggest that momentum remains weak. The probability of the futures trading to a new high within this phase of the cycle is decreasing. A bearish rejection candle on Friday, alongside the weak momentum is warning that support levels remain vulnerable. Key resistance is now at USD 9,359, a move above this level will mean that the technical will be back in bullish territory.

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,390	R1	2,428	Stochastic oversold	RSI Below 50
S2	2,338	R2			
S3	2,296	R3			

Source Bloomberg

Synopsis - Intraday

- Price is between the EMA support band (Black EMA's)
- RSI is above 50 (53)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,461
- Technically bullish but in a corrective phase on Friday, the MA on the RSI continued to suggest that momentum was weak. We were finding light bid support between the 30 – 60 period EMA's, warning that the USD 2,516 resistance could come under pressure. However, upside moves that fail at or below this level will suggest that there is the potential for further downside within this corrective phase.
- The upside move in the futures rejected the USD 2,516 resistance, resulting in the futures trading to a new low. We are 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 2,461 with the RSI at or above 51.5 will mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 2,338 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish but in a corrective phase, the MA on the RSI is implying that momentum remains weak. We now have a 3-wave corrective move lower (A-B-C), warning that the downside move has the potential to soon exhaust, above USD 2,498 the intraday futures will be bullish based on price. However, upside moves that fail to trade above USD 2,510 will warn that there could be a larger, more complex corrective cycle in play. We now have a note of caution on moves lower, despite the weak momentum.

Zinc Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,853.5		RSI below 50
S2	R2			
S3	R3			

Synopsis - Intraday

Source Bloomberg

- Price is between the EMA resistance band (Black EMA's)
- RSI is below 50 (47)
- Stochastic is below 50
- Price is below the daily pivot point USD 2,901
- Technically bullish on Friday, the MA on the RSI continues to suggest that momentum remained weak. The breach in the USD 2,914 resistance warned that the USD 2,945 fractal resistance was vulnerable. However, above this level the RSI will be divergent with price, warning we could see a momentum slowdown. For this reason, we remained cautious on upside moves/breakouts, as they could struggle to hold.
- The futures failed to trade to a new high, resulting in a move below the USD 2,856 fractal support. We are between the 8-21 period EMA's with the RSI below 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 2,901 with the RSI at or above 57.5 will mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 2,768 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the MA on the RSI continues to suggest that momentum remains weak at this point. The upside move has failed to hold despite breaching resistance last week, whilst our Elliott wave analysis (on a lower timeframe) remains cautious on upside moves, implying support levels remains vulnerable.

Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	16,509	R1	16,585	Stochastic oversold	RSI below 50
S2	16,400	R2			
S3	16,260	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (41)
- Stochastic is oversold
- Price is below the daily pivot point USD 16,843
- Unchanged on the technical on Friday, we remained bullish, the MA on the RSI was flat implying momentum is neutral. Upside moves above USD 17,165, still had the potential to create further negative divergences with the RSI; not a sell signal, it warned we could see a momentum slowdown on an upside breakout. The technical continued to suggest caution on upside moves due to the divergence in play.
- We traded to a high of USD 17,130 but the move failed to hold, resulting in the futures selling lower. 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 16,843 with the RSI at or above 54 will mean price and momentum are aligned to the buy side. Upside moves that fail at or below USD 16,944 will leave the futures vulnerable to further tests to the downside, above this level the technical will be back in bullish territory.
- Technically bullish but with a neutral bias, the MA on the RSI is implying that momentum is weak at this point. The probability of the futures trading to a new high has started to decrease, whilst the RSI has broken support. This is warning that upside moves have the potential to be countertrend. We have seen a sharp move lower with price now approaching the 200-period MA (USD 16,515), this is a benchmark average and has the potential to act as support, implying caution on moves lower in the very near-term.

Lead Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,057.5		RSI below 50
S2	R2			
S3	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (48)
- Stochastic is below 50
- Price is below the daily pivot point USD 2,059
- Technically bearish based on price last week due to the move below the USD 2,046 fractal support. The MA on the RSI implied that momentum was weak, warning support levels remained vulnerable. Upside moves that failed at or below USD 2,094 would suggest that there could be further downside within this corrective phase; likewise, if we held above the USD 1,988 support, it would warn that there could be a larger, bullish Elliott wave cycle coming into play.
- Sideways action on Friday, we remain below the EMA support band with the RSI below 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle below USD 2,059 with the RSI at or below 43.5 will mean price and momentum are aligned to the sell side; likewise, a close above this level will mean it is aligned to the buy side. Upside moves that fail at or below USD 2,094 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. Downside moves that hold at or above USD 1,988 will support a longer-term bull argument.
- Unchanged on the technical today, we remain bearish; however, the MA on the RSI is flat, implying that momentum is neutral. Upside moves that fail at or below USD 2,094 will suggest that there could be further downside within this corrective phase; likewise, if we hold above the USD 1,988 support, it will warn that there could be a larger, bullish Elliott wave cycle coming into play.

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