

China

China's central bank unveiled a broad package of monetary stimulus measures to revive the world's second-largest economy, underscoring mounting alarm within Xi Jinping's government over slowing growth and depressed investor confidence.

People's Bank of China governor Pan Gongsheng cut a key short-term interest rate and announced plans to reduce the amount of money banks must hold in reserve to the lowest level since at least 2018, appearing at a rare briefing alongside two of the country's other top financial regulators in Beijing. That marked the first time reductions to both measures were revealed on the same day since at least 2015.

Those moves were followed by a slew of other announcements that fueled gains in China's beleaguered equity market. The central bank chief also unveiled a package to shore up the nation's troubled property sector, including lowering borrowing costs on as much as \$5.3 trillion in mortgages and easing rules for second-home purchases.

For the nation's stocks, Pan said the central bank will provide at least 800 billion yuan (\$113 billion) of liquidity support, adding that officials were studying setting up a market stabilization fund. (Bloomberg).

Cu

Commodities pushed higher after China announced a series of major measures to boost growth and shore up its beleaguered property market, with iron ore spiking and copper advancing to the highest since July.

Central bank governor Pan Gongsheng said policymakers would help banks boost lending to consumers, cut the key short-term interest rate and lower mortgage rates. Futures for the steel-making staple rallied as much as 6% in Singapore, while copper and other metals rose in London.

The growth-supporting salvo from China came the same month that US Federal Reserve began an easing cycle with a half-point cut to interest rates and signaled further reductions at remaining meetings this year, and the European Central Bank lowered rates for the second time in 2024 (Bloomberg).

Copper Morning Technical (4-hour)



| | Support | Resistance | Current Price | Bull | Bear |
|----|---------|------------|---------------|--------------|-----------------------|
| S1 | 9,495 | R1 9,736 | 9,695 | RSI above 50 | Stochastic overbought |
| S2 | 9,407 | R2 9,819 | | | |
| S3 | 9,318 | R3 9,938 | | | |

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- The RSI above 50 (67)
- Stochastic is overbought
- Price is above the daily pivot point USD 9,495
- Technically bullish yesterday, the futures had entered a corrective phase; however, the pullback was yet to confirm that there was a lower timeframe corrective Elliott wave 4 (countertrend move lower). Upside moves that failed at or below USD 9,554 would warn that there could be further downside within this corrective phase, above this level the USD 9,599.50 fractal high would become vulnerable. We noted that if we traded to new highs before moving lower, then we would be looking at further extension within the current bullish wave cycle. Near-term price action did suggest caution on upside moves at this point, as we could struggle to hold.
- The futures did continue to sell lower, confirming the Elliott corrective phase. Having sold to a low of USD 9,381.5 in the morning session the futures recovered early losses resulting in a bullish rejection candle. The upside move the open is being driven by Chinese stimulus, meaning the 4-hour RSI is making new highs, creating a bullish Elliott wave extension. 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 9,495 with the RSI at or below 59 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 9,197 will support a near-term bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the stimulus announcement from China has resulted in a strong upside move, meaning the lower timeframe Elliott wave extension has extended, downside moves should now be considered a countertrend. The RSI is making a new high but faster moving momentum indicators are now overbought. In theory, momentum is warning that we should see an intraday pullback; However, this upside move today is not technically driven, so we are a little cautious on the overextended momentum, as there is a chance the technical could be ignored in the near-term.

Aluminium Morning Technical (4-hour)



| | Support | Resistance | Current Price | Bull | Bear |
|----|---------|------------|---------------|--------------|------|
| S1 | 2,480 | R1 | 2,530 | RSI above 50 | |
| S2 | 2,447 | R2 | 2,544 | | |
| S3 | 2,408 | R3 | 2,569 | | |

Source Bloomberg

Synopsis - Intraday

- 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 2,480
- Technically bearish yesterday, the MA on the RSI continued to imply that momentum was weak. Price and the RSI were making new lows, warning upside moves had the potential to be countertrend. However, lower timeframe momentum indicators were starting to look a little overextended to the downside, leaving the futures vulnerable to an intraday move higher in the near-term.
- The futures sold to a low of USD 2,456 before finding bid support into the close, the move higher this morning on the Chinese stimulus means that the USD 2,530 resistance is starting to look vulnerable. We are above all key moving averages with the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 2,480 with the RSI at or below 52 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 2,530 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 2,408, will warn that there could be a larger, bullish Elliott wave cycle in play.
- The futures have held above the Fibonacci support zone, the move higher is warning we could break key resistance at USD 2,530. If we do, then the probability of the futures trading to a new low will start to decrease, this will leave the technical open to a larger bullish Elliott wave cycle. As noted in copper (this will be a theme for the day), faster moving momentum is starting to look overbought, implying we are vulnerable to an intraday move lower. However, this upside move is not technically driven, so we are a little cautious on the overextended momentum, as there is a chance the technical could be ignored in the near-term.

Zinc Morning Technical (4-hour)



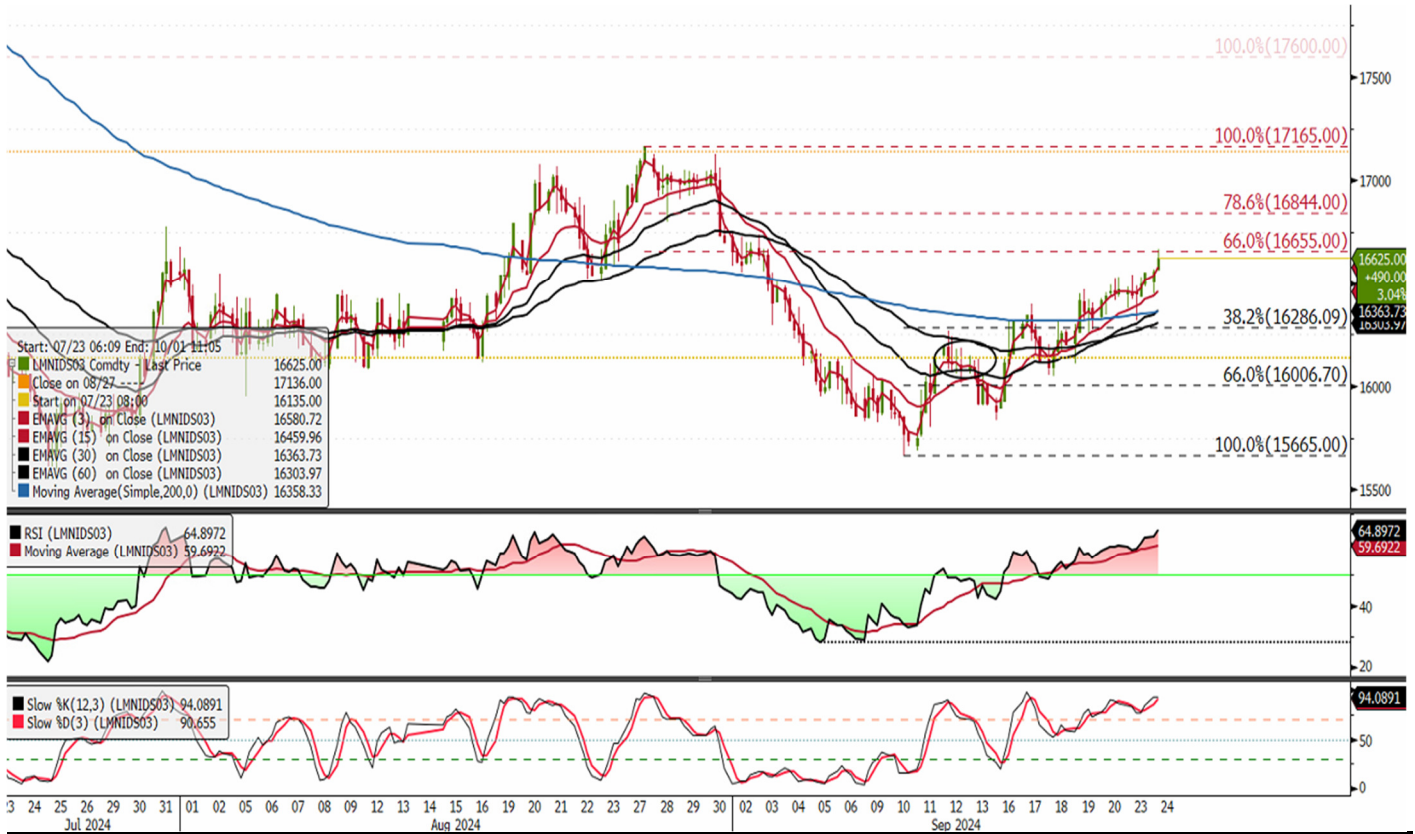
| Support | Resistance | Current Price | Bull | Bear |
|---------|------------|---------------|--------------|------|
| S1 | R1 | 2,931.5 | RSI above 50 | |
| S2 | R2 | | | |
| S3 | R3 | | | |

Source Bloomberg

Synopsis - Intraday

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (57)
- Stochastic is at 50
- Price is above the daily pivot point USD 2,871
- Technically bullish with a neutral bias yesterday, the probability of the futures trading to a new high had started to decrease. Below USD 2,823.5 the intraday technical would be bearish. The MA on the RSI indicated that momentum remained weak, whilst the corrective Elliott wave cycle suggested that intraday upside moves looked like they could be countertrend, implying caution on upside moves at this point.
- The futures are moving higher on the Chinese stimulus package, we are above all key moving averages with the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 2,871 with the RSI at or below 51 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 2,780 will warn that there is potentially a larger, bullish Elliott wave cycle in play.
- Technically bullish with a neutral bias, the futures are trading back in the resistance zone, which will need to be monitored. The MA on the RSI is implying that momentum is weak; however, price and momentum are aligned to the buyside, warning resistance levels are vulnerable. Like the rest of the base complex, near-term momentum is overbought; however, due to the stimulus package, the move is less technical meaning this may not be a factor. If we do trade above USD 2,955, then it will leave the USD 2,977.5 fractal resistance vulnerable, if broken it will confirm that there is a larger bullish Elliott wave cycle in play.

Nickel Morning Technical (4-hour)



| Support | Resistance | Current Price | Bull | Bear |
|---------|------------|---------------|--------------|-----------------------|
| S1 | R1 | 16,625 | 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 (64)
- Stochastic is overbought
- Price is above the daily pivot point USD 16,473
- Technically bullish yesterday, the MA on the RSI indicated that we had light momentum support. However, the lower timeframe RSI remained in divergence whilst we were seeing a cluster of bearish rejection candles, warning of sell side resistance at higher levels. We remained cautious on upside moves, as the futures were starting to look vulnerable to an intraday pullback.
- The futures sold to a low of USD 16,315 before finding buy-side support, resulting in price closing above the USD 16,530 resistance created by the rejection candles. We continue to move higher this morning on the stimulus package, price is above all key moving averages with the RSI above 50, intraday price and momentum are aligned to the buy-side.
- A close on the 4-hour candle below USD 16,473 with the RSI at or below 57.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 16,006 will warn that there is a larger, bullish Elliott wave cycle in play.
- Technically bullish, the 1-hour divergence has failed with price trading above the USD 16,655 resistance, meaning that the probability of the futures trading to a new low has started to decrease. Key support is at USD 16,006, downside moves that hold at or above this level will support a longer-term bull argument. Like the rest of the base complex, near-term momentum is overbought, warning we are vulnerable to an intraday move lower. However, due to the stimulus, I am not sure how valid the intraday technical will be today.

Lead Morning Technical (4-hour)



| | Support | Resistance | Current Price | Bull | Bear |
|----|---------|------------|---------------|--------------|------|
| S1 | 2,051 | R1 | 2,064 | RSI above 50 | |
| S2 | 2,031 | R2 | | | |
| S3 | 2,018 | R3 | | | |

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (55)
- Stochastic is below 50
- Price is below the daily pivot point USD 2,051
- Technically bearish with a neutral bias yesterday, the MA on the RSI was flat, implying momentum was neutral. In theory, we had the potential to see one more test to the upside; however, the dark-cloud cover candle pattern on the daily chart warned of higher timeframe selling pressure, suggesting upside moves could struggle to hold, making USD 2,077 the key resistance to follow. The wave cycle was on a very low timeframe, the strength of this pullback (in one single move lower) now suggests caution on moves higher, as corrective pullbacks are rarely one wave.
- The futures based yesterday before moving higher this morning, we are above all key moving averages with the RSI above 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle above USD 2,051 with the RSI at or above 58.5 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 2,031 will warn that there is a higher timeframe bullish Elliott wave cycle in play, if broken the USD 1,977.5 support will start to look vulnerable. Conversely, upside moves that fail at or below USD 2,077 will leave the futures vulnerable to further tests to the downside.
- Technically bullish, the futures have held key support and moved higher (on the stimulus). The MA on the RSI implies momentum is weak; however, price has held above the EMA support band. For downside continuation, we now need to close below USD 2,022 (daily), as this is the low of the last dominant bull candle. Faster moving momentum indicators are suggesting that we are vulnerable to an intraday move lower.

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