

China

The People's Bank of China lowered the rate on its one-year medium-term loan facility to banks to 2% from 2.3%, according to a Wednesday release by the central bank.

The rate reduction comes as the central bank conducted a 300-billion-yuan medium-term lending facility in a bid to maintain liquidity in the financial system, the central bank said.

The minimum bid rate for the medium-term facility was 1.9%, with the highest bid at 2.3%, the central bank said.

Following the operation, the balance of the MLF stands at 6.878 trillion yuan.

The latest move follows recent stimulus measures carried out by the government to boost liquidity in the banking system.

On Tuesday, the PBOC slashed the mortgage rates on existing home loans by around 0.5 percentage points. It also trimmed the rate on 14-day reverse repo operations to 1.85% on Monday, and indicated plans to cut the rate on seven-day repos to 1.5% from 1.7%. (Bloomberg).

Al

Readily available aluminum inventories tracked by the London Metal Exchange rose by 20,000 tons to 369,750 tons, according to exchange data.

Increase comes as requests to withdraw metal from Port Klang drop by 22,500 tons (Bloomberg).

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	9,791	R1	9,845	RSI above 50	Stochastic overbought
S2	9,541	R2			
S3	9,427	R3			

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 9,719
- Technically bullish yesterday, the stimulus announcement from China resulted in a strong upside move, meaning the lower timeframe Elliott wave cycle had extended, indicating downside moves should be considered a counter-trend. The RSI was making a new high, but faster moving momentum indicators were overbought. In theory, momentum warned that we should see an intraday pullback; However, we noted that as the upside move was not technically driven, we were a little cautious on the overextended momentum, as there was a chance the technical could be ignored in the near-term.
- The overbought momentum was ignored with price continuing to move higher for the remainder of the session. 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 9,719 with the RSI at or below 62.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 9,271 will support a near-term bull argument, below this level the technical will have a neutral bias.
- Technical bullish, the MA on the RSI is indicating that momentum is supported. Our intraday Elliott wave analysis continues to suggest that downside moves look like they will be counter-trend, making USD 9,271 the key support to follow, if broken, then the probability of the futures trading to a new high will start to decrease. Near-term momentum indicators remain overbought; however, we now have a bearish rejection candle on the 4-hour candle, warning we are starting to look vulnerable to an intraday pullback.

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,535	R1	2,548	RSI above 50	Stochastic overbought
S2	2,532	R2			
S3	2,518	R3			

Source Bloomberg

Synopsis - Intraday

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (58)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,535
- The futures held above the Fibonacci support zone yesterday, warning we could break key resistance at USD 2,530. If we did, then the probability of the futures trading to a new low would start to decrease, this would 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 was starting to look overbought, implying we were vulnerable to an intraday move lower. However, this upside move was 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.
- The futures continued to move higher with price trading above the USD 2,569 fractal high. We are starting to see bids fade but remain above the EMA support band with the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 2,535 with the RSI at or below 52.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 2,498 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the new high confirmed that there was a larger bullish Elliott wave cycle in play. However, we are now in divergence with the RSI, implying caution on upside moves. Downside moves that hold at or above USD 2,498 will warn that there could be further upside in this higher timeframe Elliott wave 5. A cautious bull, the futures are not considered a technical buy at these levels at this point.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,967	R1	3,017	RSI above 50	Stochastic overbought
S2	2,961	R2	3,068		
S3	2,936	R3	3,132		

Source Bloomberg

Synopsis - Intraday

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (63)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,967
- Technically bullish with a neutral bias yesterday, the futures were trading back in the resistance zone, which needed to be monitored. The MA on the RSI implied that momentum was weak; however, price and momentum were aligned to the buy side, warning resistance levels were vulnerable. Like the rest of the base complex, near-term momentum is overbought; however, due to the stimulus package, the move was less technical meaning might not have been a factor. If we did trade above USD 2,955, then it will leave the USD 2,977.5 fractal resistance vulnerable, if broken it would confirm that there is a larger bullish Elliott wave cycle in play.
- The futures traded above the USD 2,955 and the USD 2,977.5 levels, meaning we are looking at an Elliott wave extension to the upside. Price is 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 2,967 with the RSI at or below 54 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 2,903 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the upside move yesterday means that we are seeing an Elliott wave extension to the upside, implying downside moves now look like they could be countertrend. The RSI is at resistance, resulting in the futures selling lower this morning, warning support levels could come under pressure in the near-term. If we do trade below USD 2,903 then the probability of the futures trading to a new high will start to decrease.

Nickel Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	16,605	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 (60)
- Stochastic is overbought
- Price is below the daily pivot point USD 16,645
- Technically bullish yesterday, the 1-hour divergence had failed with price trading above the USD 16,655 resistance, meaning that the probability of the futures trading to a new low had started to decrease. Key support is at USD 16,006, downside moves that held at or above this level would 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 was not sure how valid the intraday technical will be today.
- The futures traded to a high of USD 16,830 before selling lower this morning. Price is above all key moving averages with the RSI above 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 16,645 with the RSI at or above 70.5 will mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 16,061 will warn that there is a larger, bullish Elliott wave cycle in play.
- Technically bullish with a neutral bias, the probability of the futures trading to a new low has started to decrease, making USD 16,061 the key support to follow. If broken, then the futures will be back in bearish territory. Technically I am neutral due to the lack of clarity, if we close on the daily candle below USD 16,520, it will warn that sell side pressure is increasing.

Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,031	R1	2,063.5	RSI above 50	Stochastic overbought
S2	2,018	R2			
S3	1,997	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (52)
- Stochastic is overbought
- Price is below the daily pivot point USD 2,074
- Technically bullish yesterday, the futures had held key support and moved higher (on the stimulus). The MA on the RSI implied that momentum was weak; however, price had held above the EMA support band. For downside continuation, we needed to close below USD 2,022 (daily), as this is the low of the last dominant bull candle. Faster moving momentum indicators were suggesting that we are vulnerable to an intraday move lower.
- The futures traded to a high of USD 2,094.5 before selling lower. We are above the EMA support band with the RSI above 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 2,074 with the RSI at or above 57 will mean price and momentum are aligned to the buyside. 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.
- Technically bullish, the futures are approaching the EMA support band, warning sell side momentum could slow in the near-term. If it does, it will warn that we could see another move higher; however, we are now cautious on upside moves, as above USD 2,094.5 the futures will be in divergence with the RSI. Not a sell signal, it will warn that momentum could slowdown.

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