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(Bloomberg) -- China's cancellation of tax relief on exports has left the aluminum industry scrambling to assess the impact on supply flows, with Chinese companies suffering steep stock declines while their international peers rally.

Beijing unveiled an overhaul of its export rebate regime late on Friday, announcing plans to remove a 13% tax rebate on overseas sales of aluminum, copper, and also cutting relief to batteries and solar panels.

Aluminum Corp. of China Ltd. and China Hongqiao Group Ltd., the country's top two aluminum smelters, slumped as much a 5% in Shanghai and Hong Kong, before paring losses, while Yunnan Aluminum Co. hit its daily down limit of 10% in Shenzhen. Aluminum fell on the London Metal Exchange, paring a 5.3% gain seen on Friday.

Read More: [Aluminum Soars as China Scraps Tax Sweetener That Fueled Exports](#)

Beijing's move — seen by some analysts as an attempt to ease China's industrial overcapacity — triggered the biggest impact on aluminum among the affected commodities because of the importance of Chinese exports both to the country's producers and global buyers. The tax changes comes into effect on Dec. 1

"This is one measure to tackle the long-standing low profitability of Chinese enterprises after investment-led stimulus fueled significant overcapacity," said Li Xuezhi, head of Chaos Ternary Futures Co.'s research institute. "In the near term, it will hit exports. But in medium-to-long term, it will be beneficial as excess capacity will need to be cleared in some ways."

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	8,864	R1	8,999		RSI below 50
S2	8,783	R2			
S3	8,698	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- The RSI below 50 (40)
- Stochastic is at 50
- Price is below the daily pivot point USD 9,045
- Technically bearish on Friday, price had moved higher on the oversold momentum, the MA on the RSI implied that we had light momentum support. Elliott wave analysis suggested that upside moves looked to be countertrend, making USD 9,470 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.
- The futures traded to a high of USD 9,179.5 before giving back gains to close unchanged on the day, resulting in a bearish rejection candle. We are below all key moving averages with the RSI below 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle below USD 9,045 with the RSI at or below 33.5 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 9,470 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. However, the bearish rejection candle is warning of market sellers at higher levels; if we trade below Fridays low (USD 8,955.5), then the USD 8,867 fractal support could be tested and broken. Elliott wave analysis continues to suggest that upside moves look like they could be countertrend.

Aluminium Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,661	RSI above 50	Stochastic overbought
S2	R2			
S3	R3			

Source Bloomberg

Synopsis - Intraday

- Price is above the EMA resistance band (Black EMA's)
- RSI is above 50 (57)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,633
- Technically bearish on Friday, the MA on the RSI was flat, implying momentum was neutral. We had closed lower previously having seen both upside and downside rejection, implying there was indecision in the market, warning sell side momentum was slowing. However, our Elliott wave analysis continued to suggest that upside moves looked like they could be countertrend, meaning we were cautious on moves higher.
- (Bloomberg) -- China's cancellation of tax relief on exports has left the aluminium industry scrambling to assess the impact on supply flows, with Chinese companies suffering steep stock declines while their international peers rally. Beijing unveiled an overhaul of its export rebate regime late on Friday, announcing plans to remove a 13% tax rebate on overseas sales of aluminium, copper, and also cutting relief to batteries and solar panels.
- The futures have seen a strong move higher, meaning the Elliott wave cycle is neutral, near-term price action is bullish. 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 2,633 with the RSI at or below 44.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 2,568 will support a near-term bull argument, below this level the technical will be back in bearish territory.
- Technically bearish with a neutral bias, the probability of the futures trading to a new low is decreasing. Elliott wave is based on the psychological footprint of the market; however, the news from the Chinese government on Friday, followed by the subsequent move higher, suggests that the market psychology has changed. The MA on the RSI is implying momentum is supported, whilst the RSI is making new highs, warning the USD 2,730 - USD 2,732 fractal resistance zone could be tested and broken. If it is, then we have a potential to trade as high as USD 2,782.

Zinc Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,960		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 (47)
- Stochastic is above 50
- Price is above the daily pivot point USD 2,633
- Technically bearish on Friday, the MA on the RSI implied that we had light momentum support. We noted that it did not look like we had seen an Elliott wave extension to the downside at that point, implying caution on moves lower. If, however, an upside move rejected the USD 3,015 resistance, it would warn that there could be a larger bearish wave cycle coming into play. Due to the downside rejection candle on the daily chart, we had a note of caution on moves lower.
- The futures have traded above the USD 3,015 resistance, price remains below the EMA resistance band with the RSI below 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 2,633 with the RSI at or below 43 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 2,922 will support a near-term bull argument, below this level the technical will be back in bearish territory.
- Technically bearish with a neutral bias, the MA on the RSI is implying momentum is supported, whilst the breach in the USD 3,015 resistance suggests that resistance levels are now vulnerable. Key support is at USD 2,922, corrective moves that hold at or above this level will warn the USD 3,092 fractal resistance could be tested and broken.

Nickel Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	15,626	R1	15,937	15,670	Stochastic oversold	RSI below 50
S2	15,565	R2	16,080			
S3	15,300	R3	16,273			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (42)
- Stochastic is oversold
- Price is above the daily pivot point USD 15,626
- Technically bearish, our Elliott wave analysis suggested that we had a potential downside target as low as USD 15,300. However, price was in divergence with the RSI, not a buy signal, it warned that we could see a momentum slowdown, which needed to be monitored.
- The futures traded to a low of USD 15,475, but the move has failed to hold. Price is 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 15,626 with the RSI at or below 36 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below 16,304 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 this morning, our Elliott wave analysis continues to suggest that we have the potential to trade as low as US 15,300 within this phase of the cycle; however, due to the positive divergence in play, from a technical perspective, we have a note of caution on moves lower.

Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	1,921	R1	1,956.5	Stochastic oversold	RSI below 50
S2	1,908	R2			
S3	1,894	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (38)
- Stochastic is oversold
- Price is below the daily point USD 1,968
- Technically bearish on Friday, the MA on the RSI indicated that momentum was weak, whilst our intraday Elliott wave analysis suggested that upside moves should be considered as countertrend, making USD 2,032 the key resistance to follow. Above this level the probability of the futures trading to a new low would start to decrease. The downside move on the open had failed to make a new low by 50 cents, if it had, the 1-hour RSI would have been in divergence. Due to the potential divergence on a downside breakout, we were cautious on downside moves in the near-term, as they could struggle to hold.
- The futures traded to a high of USD 1,996.5 before selling back to new lows. We are below all key moving averages with the RSI below 50; however, intraday price and momentum are aligned to the buyside, as the previous candle close was above the daily pivot level whilst the RSI was above 50.
- A close on the 4-hour candle below USD 1,968 with the RSI at or below 34.5 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 1,980 will leave the futures vulnerable to further tests to the downside.
- Technically bearish, the futures are in divergence having produced a countertrend move higher, meaning we are cautious on downside moves at these levels.

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