

Metals

(Bloomberg) -- Copper and base metals edged higher on expectations of a demand recovery in top consumer China after the Lunar New Year holidays.

Copper rose for a fourth day in London to trade near its highest since mid-November on anticipation of a pick up in manufacturing activity and after a surge in futures in New York. Iron ore and base metals such as zinc were also broadly up.

"Investors are closely monitoring consumption recovery when manufacturers restart next week," said Jia Zheng, head of trading at Shanghai Soochow Jiuying Investment Management Co. "That would prompt replenishing of inventories, boosting copper prices at a time that exchange inventories are low."

Metals have wavered since mid-January on concerns a trade war between the US and China would further worsen demand in the Asian nation.

Copper rose 1% to \$9,331 a ton on the London Metal Exchange as of 12:01 p.m. in Shanghai. Nickel also gained 1% while zinc advanced 1.3%.

Iron ore gained 1.7% to \$105.50 in Singapore, recovering from Wednesday's decline on optimism in wider markets. Yuan-priced futures in Dalian and Shanghai steel contracts were also up.

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	9,218	R1	9,355	RSI above 50	Stochastic overbought
S2	9,179	R2	9,420		
S3	9,128	R3	9,498		

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- The RSI above 50 (66)
- Stochastic is overbought
- Price is above the daily pivot point USD 9,218
- Technically bullish yesterday, the MA on the RSI implied momentum was supported. The futures were in divergence on the 1-hour timeframe, warning we could see a momentum slowdown. The linear regression line (red line on the chart USD 9,198) had the potential to act as a resistance here. If we closed above and held above this line, then resistance levels could be tested and broken. Conversely, if rejected, it would leave the futures vulnerable to further tests to the downside. We noted that if we traded above USD 9,205, then resistance levels would become vulnerable; however, we highlighted that holding above the linear line as the stronger of the two signals at that point. We were cautious on upside moves whilst below the regression line with the divergence in play.
- The futures initially rejected the linear line with price selling USD 60 lower to USD 9,124. However, we held the EMA support band resulting in the price closing above the linear line and moving higher. The RSI is above 50 with price and momentum aligned to the buy side.
- A close on the 4-hour candle below USD 9,218 with the RSI at or below 55 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 9,060 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the MA on the RSI is implying momentum is supported. If we trade above USD 9,355 it would suggest we could be on a higher timeframe bullish impulse Elliott wave 3; however, momentum indicators are warning that we may see a technical pullback soon, as the 21 period RSI is nearing resistance, whilst the 6-period RSI is at 85 (added for today to illustrate). We are bullish, and from a technical perspective we would like to see price trade above USD 9,355 before a technical pullback (makes my life easier as it confirms the wave 3). Market pullbacks that close below and hold below the linear regression line (USD 9,208) will warn that the Fibonacci support zone could come under pressure.

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,615	R1	2,627	RSI above 50	Stochastic overbought
S2	2,563	R2			
S3	2,536	R3			

Source Bloomberg

Synopsis - Intraday

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (54)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,615
- Unchanged on the technical yesterday, we remained bullish with a neutral bias. Due to the two bullish engulfing candles above the 200-period MA (USD 2,538) on the daily timeframe, we had a note of caution on downside moves at that point.
- The futures had a small test to the downside, but the move failed to hold. We are above all key moving averages with the RSI above 50, intraday price and momentum are conflicting, the RSI was on its average on the previous candle close.
- A close on the 4-hour candle below USD 2,615 with the RSI at or below 51 will mean price and momentum are aligned to the sell side. Likewise, a close above this level with the RSI at or above 55.5 will mean it is aligned to the buyside. Upside moves that fail at or below USD 2,653 will warn that there could be further downside within the corrective phase, above this level the technical will be back in bullish territory.
- Having tested the downside, the futures have held the intraday 200-period MA (USD 2,582), resulting in a move higher off the back of an intraday bullish rejection candle, warning the USD 2,653 resistance could be tested and broken. If it is, then the technical will be back in bullish territory. We maintain a note of caution on downside moves due to the two bullish engulfing candles above the 200-period MA (USD 2,538) on the daily timeframe.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,785	R1	2,835		
S2	2,749	R2	2,846	2,826.5	Stochastic overbought
S3	2,706.5	R3	2,890		

Source Bloomberg

Synopsis - Intraday

- Price is above the EMA resistance band (Black EMA's)
- RSI is above 50 (54)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,787
- Technically bullish based on price yesterday, the MA on the RSI implied momentum is supported. As noted previously we had a note of caution on moves lower, as there was a chance that the bearish Elliott wave cycle may have completed, making USD 2,890 the key resistance to follow. If we rejected this level, it would warn that we could see a wave extension to the downside; if broken, it would increase the probability that the bear cycle had potentially completed.
- The futures tested the downside; however, the move has failed to hold, resulting in price moving above yesterday's levels. We are above the EMA support band with the RSI above 50, intraday price and momentum are aligned to the buy side.
- A close on the 4-hour candle below USD 2,787 with the RSI at or below 48 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 2,749 will support a bull argument, below this level the technical will have a neutral bias. Upside moves that fail at or below USD 2,890 will warn that there could be a larger bearish wave cycle in play (I.E. a wave extension).
- Bullish based on price, the MA on the RSI implies momentum is supported. As noted previously, the Elliott wave cycle looks like it may have completed, meaning we have a note of caution on downside moves. USD 2,890 is the key Fibonacci resistance to follow, if we reject this level, it will warn that we could see a wave extension to the downside; if broken, it will increase the probability that the bear cycle had potentially completed. We need to highlight the Linear regression line of the corrective cycle lower (USD 2,835), as this is now being tested. A close above that holds above the line will mean there the USD 2,890 resistance is likely to be tested and broken; conversely, if rejected the USD 2,749 support could come under pressure. The technical is at an inflection point, all eyes should be on the USD 2,835 level.

Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	15,518	R1	15,820	RSI above 50	Stochastic overbought
S2	15,461	R2	15,898		
S3	15,425	R3	16,135		

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA resistance band (Black EMA's)
- RSI is above 50 (61)
- Stochastic is overbought
- Price is above the daily pivot point USD 15,461
- Technically bearish yesterday, the futures had moved higher on the positive divergence with the RSI, whilst the MA on the RSI implied that momentum was supported, suggesting caution on downside moves in the near-term. Above USD 15,558 the technical would have a neutral bias; however, upside moves that rejected the USD 15,579 level would warn that there could be a larger, bearish Elliott wave cycle in play.
- The futures continued to move higher on the momentum support with price breaching the USD 15,579 resistance, meaning the probability of there being a larger bear cycle in play has started to decrease. 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 15,461 with the RSI at or below 47 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 15,298 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, above USD 15,830 the futures will be bullish. The move above USD 15,579 suggests that downside moves should be considered as counter-trend. We have highlighted the intraday rejection candle, as it is warning that buyside pressure could be slowing; we also note that the 6-period RSI is at 83. We are bullish but have a note of caution on moves higher at these levels, as the technical is warning we could soon see an intraday pullback. If we trade above and close above the high of the rejection candle (USD 15,820) it will indicate that buyside pressure is increasing, meaning the USD 16,135 fractal high could be tested and broken.

Lead Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	1,982	RSI above 50	Stochastic overbought
S2	R2			
S3	R3			

Source Bloomberg

Synopsis - Intraday

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (64)
- Stochastic is overbought
- Price is above the daily point USD 1,993
- Technically bullish yesterday, the MA on the RSI implied momentum was supported. However, faster moving oscillators warning overbought, momentum warned that we are vulnerable to an intraday pullback. The longer-term technical remained in consolidation, meaning the higher timeframe was neutral.
- The futures moved higher despite the overbought momentum with price trading above and closing above the range resistance (USD 1,995.5). 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 1,993 with the RSI at or below 55.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 1,961 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the MA on the RSI is implying momentum is supported. If we test and hold the USD 1,995.5 support, then we could see the USD 2,039 resistance come under pressure. If it holds, it will warn that there could be a larger, bearish Elliott wave cycle in play. Conversely, if broken, it will support a longer-term bull argument. A close below the support line will put price back in the consolidation zone, meaning we could test Fibonacci support zone. The 6-period RSI is overbought at 81, making USD 1,995.5 a key support to follow on this technical.