

China/US

(Bloomberg) -- China is running a trade surplus that the world economy can't "live with," former US President Bill Clinton's top trade official said, warning its exports would face new roadblocks without fixing the domestic causes fueling the imbalances.

"China is exploiting manufacturing, suppressing domestic consumption, and expects that the world can live with a trillion dollar Chinese trade surplus, which most certainly the world cannot," Charlene Barshefsky said in an interview with Bloomberg Television in Hong Kong.

Barshefsky, who negotiated the terms of China's accession to the World Trade Organization more than two decades ago, said that agreement was "absolutely not" a mistake, helping lift hundreds of millions out of poverty and turning the country into a major driver of worldwide demand during the 2008 global financial crisis.

But China's convergence toward "market-based norms" has reversed course as domestic reforms stalled, she said. It leaned increasingly on investment in manufacturing to drive growth and began to flood the market with exports, according to Barshefsky, who served as US trade representative from 1997 to 2001.

It's "not what the world needs — we don't have a supply problem in the world, we have a demand problem," she said.

"China has reverted to a highly statist economy."

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(Bloomberg) -- Comex copper futures surge to new record highs on report that US import tariffs could be coming within weeks. S&P futures remain broadly unchanged and Nasdaq contracts are similarly steady. Asian equities push higher for first time in four days. Nikkei climbs 1% and Hang Seng adds about 0.2%. Kospi and ASX 200 indexes also well in the green. Treasury 10-year yield adds two basis points to 4.34% as US rate-cut expectations wane. JGB futures remain heavy as BOJ Governor Ueda discusses rate-hike prospects. Australian yields edge 5-6 bps higher following surprise tax cuts and an increased debt issuance plan. The dollar strengthens against most currency majors. The yen weakens to 150.60/USD and offshore yuan slips. WTI crude futures hover around \$69.20; spot gold slips to near \$3,018.

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	9,925	R1	10,060	RSI above 50	Stochastic overbought
S2	9,879	R2	10,077		
S3	9,802	R3	10,162		

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- The RSI above 50 (57)
- Stochastic is overbought
- Price is below the daily pivot point USD 10,060
- Technically bullish yesterday, the futures had tested but remained below the USD 10,046.5 high, meaning we were yet to confirm that we had entered a the bullish impulse wave 5 on the lower timeframe, meaning downside moves were still considered as countertrend. If we did see an upside breakout, then we had the potential to trade as high as USD 10,247 within this phase of the cycle. However, the futures would be divergent on a new high, which needed to be monitored.
- The futures traded to a high of USD 10,164.5 confirming we have entered the lower timeframe bullish impulse wave 5. However, the upside move is struggling to hold this morning due to the negative divergence with the RSI. We are above the EMA support band with the RSI above 50, intraday price and momentum are now aligned to the sell side.
- A close on the 4-hour candle above USD 10,060 with the RSI at or above 62.5 will mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 9,925 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish with price finding light support above the EMA band. Having traded to a new high we have seen the futures sell lower on the negative divergence in the Asian day session. From an Elliott wave perspective, the upside move looks to be a wave 5 of an extended wave 5 whilst in divergence with the RSI. We are bullish, but do not consider the futures a technical buy, as support levels are now vulnerable.

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,611	R1	2,611	Stochastic oversold	RSI below 50
S2	2,589	R2			
S3	2,571	R3			

Source Bloomberg

Synopsis - Intraday

- Price is below the EMA Resistance band (Black EMA's)
- RSI is below 50 (40)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,615
- Technically bearish yesterday, the MA on the RSI implied that momentum was weak. Lower timeframe Elliott wave analysis continued to suggest that upside moves should still be considered as countertrend, making USD 2,661 the key resistance to follow. If broken, then the probability of the futures trading to a new low would start to decrease. We were cautious on downside moves in the near-term, as the futures were now in divergence on a lower timeframe, warning we could see a momentum slowdown.
- The futures sold to a low of USD 2,600 before finding light bid support. We remain below the EMA resistance band with the RSI below 50, intraday price and momentum are now conflicting.
- A close on the 4-hour candle below USD 2,615 with the RSI at or below 35.5 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 2,659 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, the RSI is now in divergence with the RSI on the 4-hour timeframe, warning we could see a momentum slowdown in the near-term, leaving the futures vulnerable to an intraday move higher. However, our Elliott wave analysis does still suggest upside moves should be considered as countertrend, making USD 2,659 the key resistance to follow. If broken, then the probability of the futures trading to a new low will start to decrease.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,931	R1	2,974	RSI above 50	Stochastic
S2	2,908	R2	2,994		
S3	2,900	R3	3,020		

Source Bloomberg

Synopsis - Intraday

- Price is above the EMA Support band (Black EMA's)
- RSI is above 50 (55)
- Stochastic is above 50
- Price is above the daily pivot point USD 2,962
- The upside move above USD 2,974 previously meant that the futures were technically bullish. The MA on the RSI implied we had light momentum support, whilst the move above the USD 2,962 support warned that the probability of the futures trading to a new low had started to decrease, suggesting resistance levels could come under pressure in the near-term. Price action warned that resistance levels were starting to look vulnerable; however, we noted that if we closed below and held below the daily 200-period MA (USD 2,917), then market longs will need to act with caution, as it would warn that we could be looking at a larger corrective phase coming into play. Likewise, a daily close below the weekly pivot level (USD 2,939) would indicate that sell side pressure is starting to increase. We are bullish, but noted that this was not a clean technical, meaning we had more of a neutral view.
- Sideways action yesterday, the futures are holding above the EMA support band with the RSI above 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle above USD 2,962 with the RSI at or above 57 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 2,846 (revised lower in line with a potential larger bull cycle) will support a bull argument, below this level the technical will have a neutral bias.
- Unchanged on the technical today, price remains supported, the technical is bullish; however, we are starting to consolidate. Wave analysis is still unclear, if we trade above USD 2,994.5 it will create a negative divergence with the RSI, suggesting the move is more likely to be a wave extension within the existing cycle, rather than a larger bullish cycle coming into play. We maintain a neutral view at this point; however, price is currently holding above the daily 200-period MA (USD 2,917), implying the futures are supported at this point. If we close below and hold below the average, it will warn that sell side pressure is increasing.

Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	15,902	R1	16,090		RSI below 50
S2	15,734	R2			
S3	15,629	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (46)
- Stochastic is above 50
- Price is below the daily pivot point USD 16,137
- Technically bullish but in a corrective phase yesterday, the MA on the RSI implied that momentum remained weak; however, price was still in divergence on the 1-hour timeframe, warning sell side momentum could slow down. Upside moves that failed at or below USD 16,506 would warn that there was the potential for a larger bearish corrective phase in play, above this level the probability of price trading to a new low would start to decrease. With the divergence in play, we continued to have a note of caution on downside moves at that point. Our Elliott wave analysis suggested that downside moves look like they could be countertrend, making USD 15,763 the key support to follow.
- The futures traded to a high of USD 16,285 on the divergence; however, price has sold lower in the Asian day session having rejected in the EMA resistance band. The RSI is below 50 with price and momentum conflicting.
- A close on the 4-hour candle below USD 16,137 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 USD 16,502 will warn that there is further downside within this corrective phase, above this level will warn that the USD 16,780 fractal high could be tested and broken. Likewise, downside moves that hold at or above USD 15,902 (revised higher, as I had the wrong Fib level yesterday) will support a longer-term bull argument.
- The futures remain bullish but in a corrective phase, the MA on the RSI implies that we have light momentum support. The upside move yesterday was on the back of a positive divergence with the RSI, whilst intraday Elliott wave analysis suggests downside move look like they could be countertrend, making USD 15,902 the key support to follow. If broken, then the probability of the futures trading to a new high will start to decrease. However, we have rejected the EMA resistance band with price selling lower, meaning the USD 15,902 support is still vulnerable at this point.

Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,069	R1	2,075	RSI above 50	Stochastic overbought
S2	2,024	R2			
S3	2,009	R3			

Source Bloomberg

Synopsis - Intraday

- Price is below the EMA support band (Black EMA's)
- RSI is above 50 (54)
- Stochastic is overbought
- Price is above the daily point USD 2,069
- Unchanged on the technical yesterday. The MA on the RSI implies momentum was supported in the near-term; however, price had breached the USD 2,024 support, meaning the probability of the futures trading to a new high had started to decrease. We remained cautious on upside moves whilst below the USD 2,074 resistance, if broken, then the futures would be back in bullish territory. At that point, resistance levels would start to look vulnerable.
- The futures have traded above the USD 2,078 resistance, meaning the technical is back in bullish territory. 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 2,069 with the RSI at or below 47.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 2,024 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the MA on the RSI implies momentum is supported at this point, whilst the move above USD 2,074 warns that the USD 2,104.5 fractal high could be tested and broken. If it is, then price will be divergent with the RSI, waning we could see a momentum slowdown, meaning we have a note of caution on upside breakouts above this level.

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