FIS

Base Morning Technical Report

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China

(Bloomberg) -- China's economic growth exceeded expectations in the second quarter, but strong exports to markets outside the US masked deepening pressure caused by weak consumer demand at home.
Gross domestic product expanded 5.2% in April-June from a year earlier, after a gain of 5.4% in the first quarter, according to data released Tuesday by the National Bureau of Statistics. That compares with a 5.1% median forecast from economists surveyed by Bloomberg.
Benchmark Chinese stock indexes in Hong Kong and on the mainland pared their early gains after the data. The yuan was steady while the yield on China's 10-year government bond was little changed.
Industrial output rose 6.8% in June from a year earlier, faster than the 5.6% expansion forecast by economists. Retail sales increased 4.8% last month, worse than economists' projection.
"It's a picture of strong supply but weak domestic demand, and export resilience is not going to last," said Michelle Lam, Greater China economist at Societe Generale SA. "Not a good set of data despite the GDP beat."

Copper Morning Technical (4-hour)

Support		Resistance		Current Price	Bull	Bear
S1	9,574	R1	9,631	9,621.5	Stochastic oversold	RSI below 50
S2	9,517	R2	9,700			
S3	9,488	R3	9,787			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- The RSI below 50 (41)
- Stochastic is oversold
- Price is below the daily pivot point USD 9,631
- Technically bearish yesterday, the futures were above the intraday 200-period MA; however, price was testing the weekly pivot level (USD 9,700), a daily close above this level would leave resistance levels vulnerable in the near-term. Conversely, a rejection of the USD 9,700 level with price closing and holding below the longer-term average would warn that the USD 9,553.5 fractal low could be tested and broken. A move above USD 9,861 would imply that the probability of the futures trading to a new low had started to decrease. With price trading on the 200-period MA, we were at an inflection point, meaning near-term price action had a more neutral bias.
- The futures rejected the USD 9,700 level with price moving below the intraday 200-period MA yesterday (USD 9,688). Price is below the EMA resistance band with the RSI below 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 9,631 with the RSI at or above 44.5 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 9,861 (revised higher) will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, the upside rejection has resulted in the futures closing below the weekly pivot level, warning support levels could come under pressure. However, we are cautious on moves below USD 9,553.5 as the futures will be in divergence with the RSI, suggesting downside breakouts could struggle to hold. We also highlight two high volume candles that have created fractal support levels (USD 9,575—USD 9,553.5) indicating market buyers at lower levels. Although bearish, the technical is neutral due to underlying support and the potential divergence. A daily close back above the USD 9,700 level will indicate buyside pressure is increasing.

Aluminium Morning Technical (4-hour)

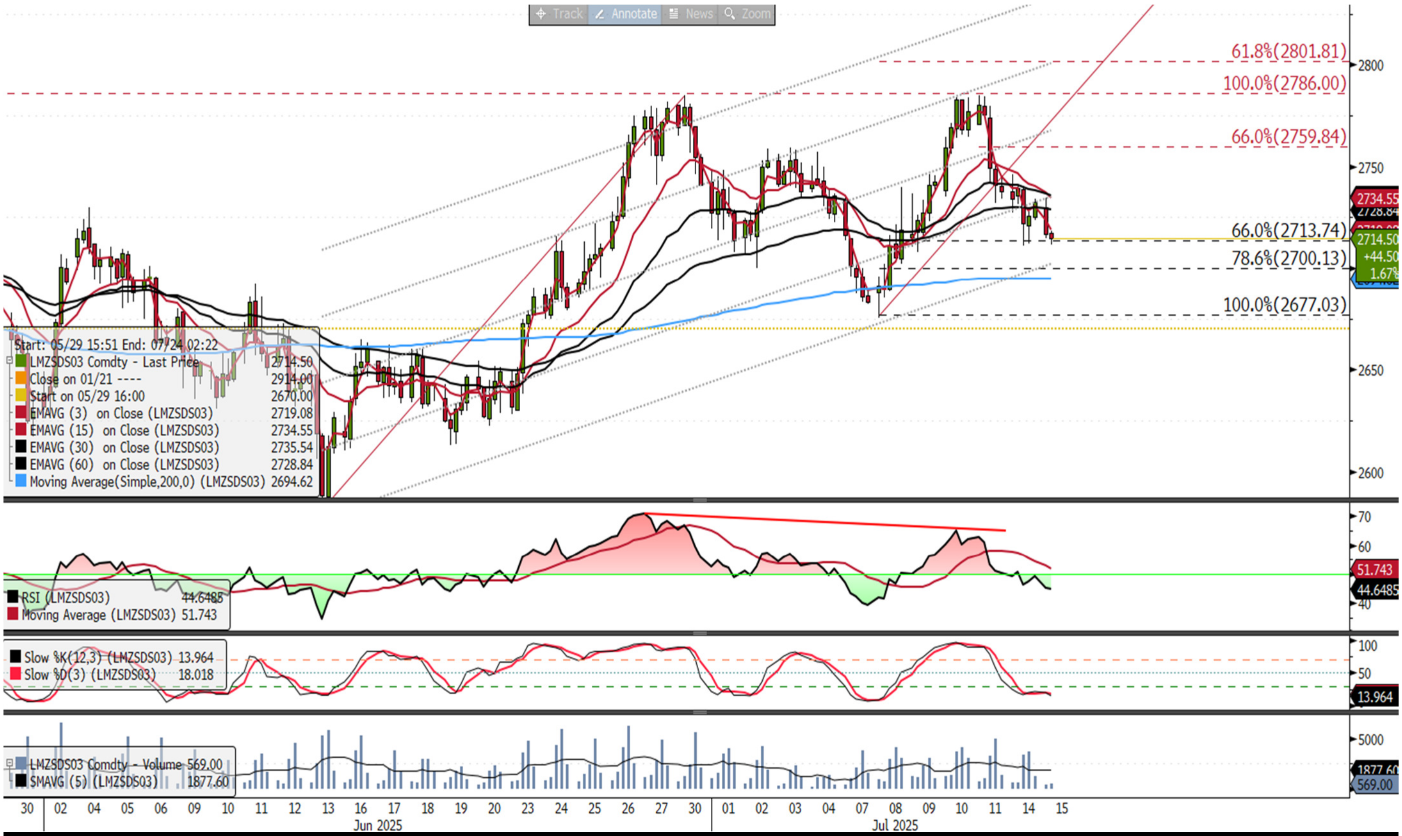
Support		Resistance		Current Price	Bull	Bear
S1	2,590	R1	2,606	2,592		RSI below 50
S2	2,567	R2	2,624			
S3	2,540	R3	2,630			

Source Bloomberg

Synopsis - Intraday

- Price is between the EMA support band (Black EMA's)
- RSI is below 50 (49)
- Stochastic is below 50
- Price is below the daily pivot point USD 2,590
- The futures remained bearish with a neutral bias yesterday. The rejection of the trend resistance line (USD 2,624) meant that price was below the linear regression line (USD 2,603), implying sell side pressure was increasing. Whilst below the USD 2,624 level we remained cautious on upside move, as support levels were looking vulnerable.
- The futures have sold to a low of USD 2,574 yesterday; however, the move failed to hold. Price is between the EMA support band with the RSI near-neutral at 49, intraday price and momentum are conflicting.
- A close on the 4-hour candle above USD 2,590 with the RSI at or above 53.5 will mean price and momentum are aligned to the buyside; likewise, a close below this level will mean it is aligned to the sell side. Downside moves that hold at or above USD 2,503 will support a bull argument, below this level the Elliott wave cycle will be back in bear territory.
- Bearish with a neutral bias, the MA on the RSI implies momentum remains weak. However, the corrective move failed to hold yesterday with price creating a second higher than average support candle between USD 9,579.5—USD 9,581 (highlighted on chart). The support candles are countering the close below the linear regression line (USD 2,624), whilst the RSI is at 49, indicating neutrality in the market. If we close and hold below the USD 9,579.5 level, it will indicate sell side pressure is increasing, leaving support levels vulnerable; conversely, for upside continuation, the futures will need to close above the linear regression line (USD 9,624), and the trend resistance line (USD 9,630).

Zinc Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	2,713	R1	2,729	2,714.5	Stochastic oversold	RSI below 50
S2	2,700	R2	2,759			
S3	2,677	R3	2,786			

Source Bloomberg

Synopsis - Intraday

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (44)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,729
- Technically bullish but in a corrective phase yesterday, the MA on the RSI implied that we had light momentum weakness. The lower timeframe wave cycle had turned neutral on the pullback; however, we remained above the USD 2,713 level. If broken, then the probability of the futures trading to a new high would start to decrease. In theory, the USD 2,785 resistance remained vulnerable; the lower timeframe pullback meant that we did have a note of caution, meaning market bulls would need to see price hold the USD 2,713 level.
- The intraday upside move failed to hold yesterday after price sold lower and breached the USD 2,713 support in the Asian day session. Price is below the EMA support band with the RSI below 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 2,721 with the RSI at or above 54 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 2,759 will warn that there is further downside within this corrective phase, above this level the technical will be back in bullish territory.
- Technically bullish with a neutral bias, the MA on the RSI implies momentum is weak, the futures have now broken key support on the lower timeframe Elliott wave cycle and the 4-hour timeframe, meaning the probability of the futures trading to a new high is decreasing, implying caution on upside moves at this point. The upside rejection has created a triple top on the daily timeframe, whilst the deep pullback warns that the 200-period MA at USD 2,694 is starting to look vulnerable. A close that holds below the longer-term average will imply that we could see further downside continuation. Two standard deviation below the linear regression support is at USD 2,702, making the USD 2,702—USD 2,694 a key area of support in the near-term.

Nickel Morning Technical (4-hour)

Support		Resistance		Current Price	Bull	Bear
S1	19,920	R1	15,111	15,005	Stochastic oversold	RSI below 50
S2	14,785	R2	15,161			
S3	14,659	R3	15,215			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (40)
- Stochastic is oversold
- Price is above the daily pivot point USD 15,111
- Bearish with a neutral bias yesterday, the MA on the RSI implied that momentum was supported. Price was back below the intraday 200-period MA (USD 15,265); however, price had opened with bid support. The upside move previously meant the probability of the futures trading to a new low had started to decrease; whilst the intraday move higher had volume support. Technically we remained supported at that point; however, for upside continuation, the futures needed to see price close and hold above the USD 15,265 level, with price and momentum becoming aligned to the buyside. If we did, then resistance levels become vulnerable.
- Price and momentum failed to become aligned to the buyside yesterday, resulting in price selling lower on increased volume, implying sell side pressure has increased. The move lower means the technical is back in bearish territory. We are below the EMA support band with the RSI below 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 15,111 with the RSI at or above 52.5 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 15,215 will leave the futures vulnerable to further tests to the downside. Note: the resistance is back in play due to the depth of the move lower.
- Technically bearish, the MA on the RSI implies that momentum is weak. The failure to hold above the intraday 200-period MA (USD 15,247), and the subsequent upside rejection suggest that the USD 14,940 fractal low could be tested and broken. Fibonacci projection levels indicate that we have the potential to sell as low as USD 14,785 within this phase of the corrective cycle.

Lead Morning Technical (4-hour)

Support		Resistance		Current Price	Bull	Bear
S1	1,986	R1	2,005	1,989.5	Stochastic oversold	RSI below 50
S2	1,969	R2	2,009			
S3	1,942	R3	2,019			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (32)
- Stochastic is oversold
- Price is below the daily point USD 2,009
- We remain bullish but in a corrective phase yesterday with price above the intraday 200-period MA (USD 2,005); a close that held below the average would warn that the USD 1,990 level could be tested and broken. If it was, then the probability of the futures trading to a new high would start to decrease. As noted previously, we had failed to make a new high and confirm the bullish impulse wave 5, meaning we remain cautious on corrective moves lower whilst above the USD 1,990 level.
- The futures continued to sell lower, we have revised key support from USD 1,990 to USD 1,986 as the Fibonacci was run from the wrong low. We are below all key moving averages supported by the RSI below 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 2,009 with the RSI at or above 40 will mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 1,986 (revised lower) will support a longer-term bull argument. Likewise, upside moves that fail at or below USD 2,043 will warn that there could be further downside within this corrective phase.
- We remain bullish but in a corrective phase with price below the intraday 200-period MA (USD 2,004); a close that holds above the average will imply buyside support is entering the market. The MA on the RSI implies that momentum is weak, whilst the move lower is supported by above average volume, warning the USD 1,986 support could be broken; if it is, then the probability of the futures trading to a new high will start to decrease. Based on the high volume move lower and the weak momentum, the technical suggests we move lower.