Base Morning Technical Report

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China

(Bloomberg) -- Three things we learned last week:

1. China's new urbanization plan reveals how budget constraints are transforming the economic playbook. Top Chinese leaders pledged to change the approach for city development, and pointed out the blueprint has evolved to focus more on quality. That disappointed investors who had hoped for more aggressive stimulus policies.
Economists at Goldman Sachs Group Inc. said there are three reasons why top decision makers may not wish to embark on another round of large-scale cash-backed shantytown redevelopment. The smaller scope for further fiscal easing, the high costs of the previous housing boom and limited growth for housing demand due to demographic changes are all factors, the analysts wrote in a report on July 15.

After a similar meeting a decade ago, China pumped at least 3.2 trillion yuan ($446 billion) into the economy by replacing older buildings with new tower blocks, giving occupants of old communal housing brand-new apartments, cash or both. While the program successfully upgraded households' living conditions, it also led to a surge in debt levels.
Looking ahead, China will avoid massive demolition and reconstruction, as it no longer meets the real demand, according to S&P Global (China) Ratings. Future policy implementations will advance prudently, tailored to local conditions and coordinated with debt risk controls, it said in a July 16 note.

2. China emerged from the trade chaos with record exports and faster-than-expected economic growth, but underlying risks remain. The trade surplus rose to a record in the first six months, while gross domestic product grew 5.2% in the second quarter, above economists' estimates and the government's target of about 5% this year.
Given that the economy has held up well so far in the face of higher tariffs, economists have raised their growth forecasts for 2025. That may prompt policymakers to hold back any major stimulus policies for now. The resilience also provides Beijing with breathing space to prepare its policy response in case trade tensions with Washington flare up again.

Consumption and the property market remain weak spots, and may weigh on the economy further. Analysts at Morgan Stanley expect GDP growth to slip below 4.5% in the second half of the year due to "payback of front-loading, weaker global trade amid renewed tariff escalation, and continued deflation loop."

3. After an abrupt policy reversal from the Trump administration, Nvidia Corp. is expected to export H20 chips to China soon. Jensen Huang told reporters in Beijing that while Washington hasn't yet granted permission, officials assured the company they will move rapidly to do so.
As Huang opened a major supply-chain expo in Beijing with a former Chinese Commerce Ministry official, the world's ninth richest man is becoming increasingly adept at pulling off a delicate diplomatic dance that is both benefiting his company and helping the world's biggest economies manage their differences.
Things to Know:
President Xi Jinping questioned the need for local governments across China to crowd into the same emerging industries, a rare rebuke that reflects growing concerns about deflation at home and trade tensions abroad.
China's exports of rare-earth products jumped in June, pointing to a potential pickup in magnet supplies after government-imposed curbs that proved to be Beijing's most powerful weapon in its trade war with the Trump administration.
A Chinese snacks maker that cut prices by 45% now plans to make the local government its largest shareholder, in a sign of how bruising deflation in the world's second-biggest economy is claiming corporate casualties and requiring growing state intervention.

Copper Morning Technical (4-hour)

<table>
<tr><th colspan="2">Support</th><th colspan="2">Resistance</th><th>Current Price</th><th>Bull</th><th>Bear</th></tr>
<tr><td>S1</td><td>9,743</td><td>R1</td><td>9,861</td><td rowspan="3">9,823</td><td rowspan="3">RSI above 50</td><td rowspan="3">Stochastic overbought</td></tr>
<tr><td>S2</td><td>9,714</td><td>R2</td><td>9,920</td></tr>
<tr><td>S3</td><td>9,673</td><td>R3</td><td>100.20</td></tr>
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Synopsis - Intraday

Source Bloomberg

- Price is above the EMA resistance band (Black EMA's)
- The RSI at 50 (60)
- Stochastic is overbought
- Price is above the daily pivot point USD 9,745
- Technically bearish on Friday, the MA on the RSI implied that we had light momentum support. We were trading on the intraday 200-period MA (USD 9,694) and noted that a close that held above the average would warn that the Fibonacci resistance zone could come under pressure; if we did trade above the USD 9,787 level, then the probability of price trading to a new low would start to decrease. Conversely, a close below, or a rejection of the USD 9,787 level would warn of technical weakness. The RSI low on the 9th did suggest that upside moves could struggle to hold; however, intraday buyside support warned that we might need to trade above the USD 9,744 fractal resistance to complete a 3-wave countertrend pattern before selling lower.
- The futures continued to move higher on Friday with price now trading in the Fibonacci resistance zone. 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 9,745 with the RSI at or below 49.5 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 9,861 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. Likewise, downside moves that hold at or above USD 9,673 will support a near-term bull argument, warning the USD 9,861 resistance could be tested and broken.
- The Elliott wave cycle remains bearish; however, near-term price action is supported, having produced a higher high and higher low, we have also seen an upside move on higher volume bull support candles. The RSI low on the 09/07 suggests that this upside move has the potential to be countertrend, making USD 9,861 the key resistance to follow. If broken, then the probability of the futures trading to a new low will start to decrease. In theory, the upside move had looked like it could be countertrend, whilst faster moving momentum indicators are currently overbought in the near-term; however, the higher high and higher low whilst the MA on the RSI is implying momentum is supported, suggesting that the USD 9,861 resistance is now vulnerable.

Aluminium Morning Technical (4-hour)

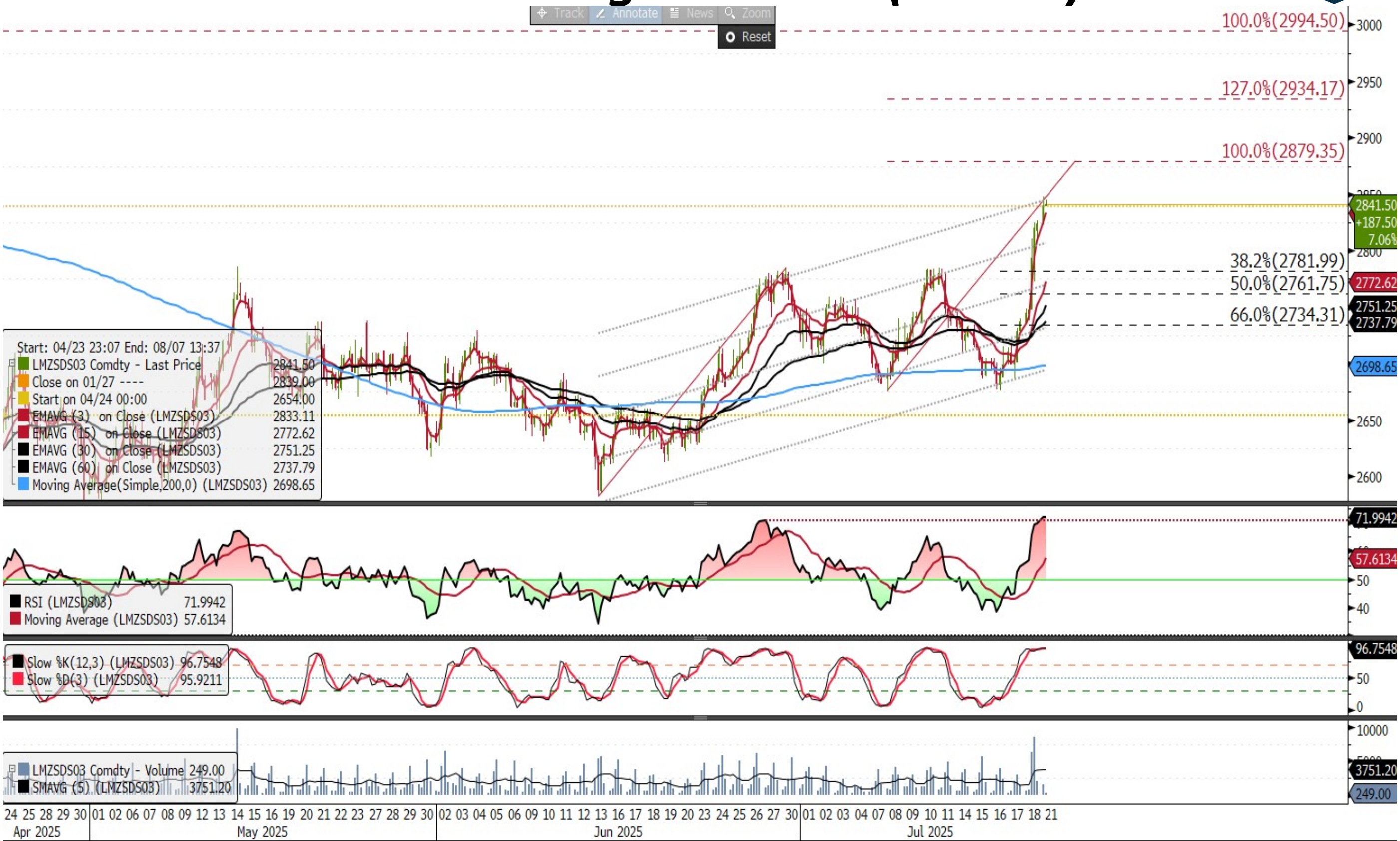
Support		Resistance		Current Price	Bull	Bear
S1	2,612	R1	2,654	2,637.5	RSI above 50	Stochastic overbought
S2	2,601	R2	2,670			
S3	2,587	R3	2,697			

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 2,612
- Bearish with a neutral bias on Friday, the MA on the RSI implied that we had light momentum support. A two candle rejection of the USD 2,579.5 resistance previously, had failed to hold due to a higher volume bull candle, indicating market support. A close above the linear regression line (USD 2,611) would imply that buyside pressure was increasing, warning the USD 2,624.5 fractal resistance could be tested and broken. We were cautious on downside moves due to the evidence of support at lower levels.
- The futures have moved higher due to the bull support candle with price trading above the USD 2,624.5 resistance, whilst closing above the linear regression line (USD 2,614), 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 2,612 with the RSI at or below 52 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 2,587 will support a bull argument, below this level the technical will behave a neutral bias.
- The technical is bullish with the MA on the RSI implying momentum is supported. Price and the RSI are making new highs, warning support levels could hold if tested; however, if we do trade below the USD 2,587 level, then the probability of price trading to a new high will start to decrease. The upside breakout on high volume bull support candles is warning that the USD 2,654.5 fractal high could be tested and broken. We should note that faster moving momentum (6-period RSI) is overbought, meaning we are looking a little overextended in the near-term, which will need to be monitored.

Zinc Morning Technical (4-hour)



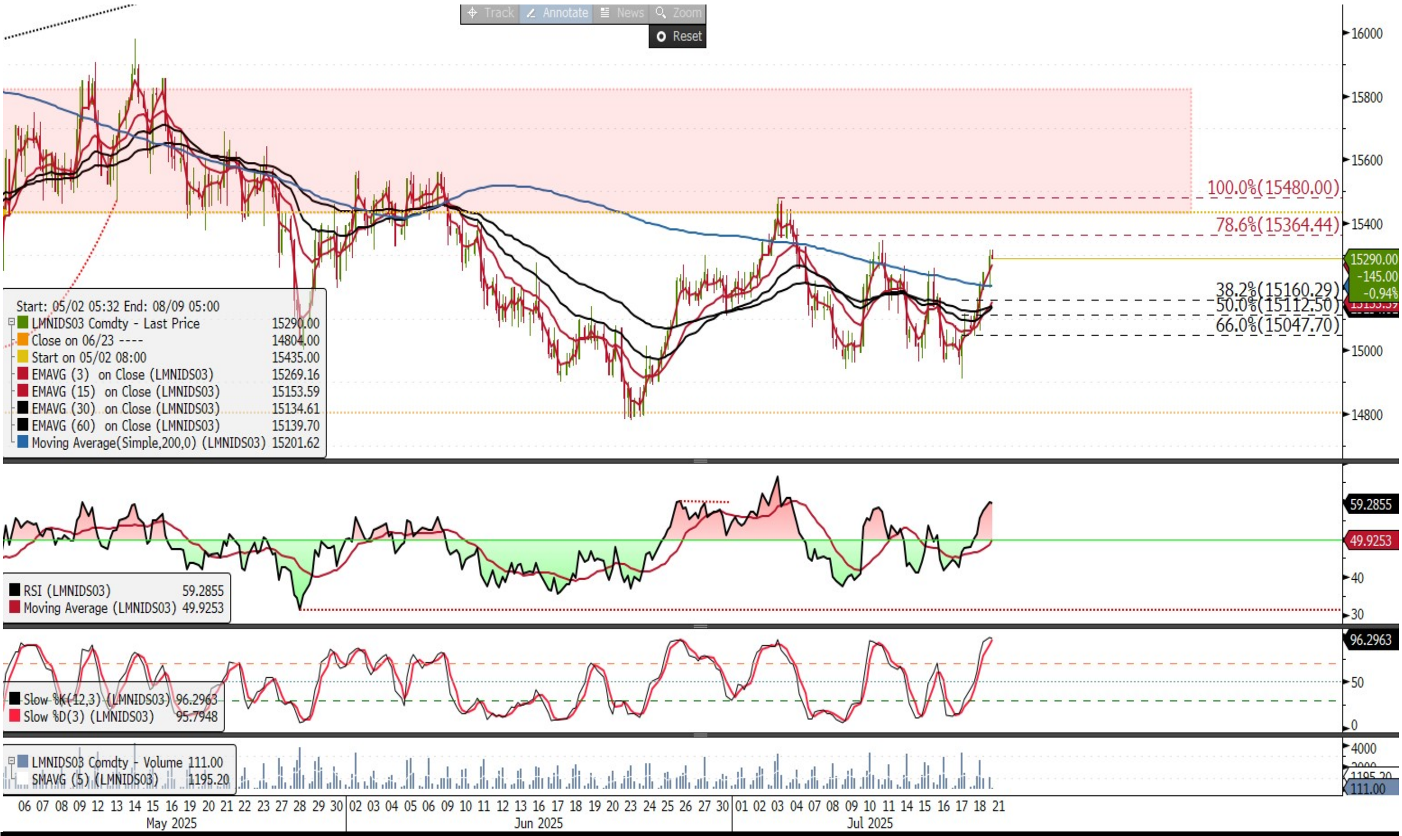
Support		Resistance		Current Price	Bull	Bear
S1	2,793	R1	2,879	2,841.5	RSI above 50	Stochastic overbought
S2	2,781	R2	2,934			
S3	2,761	R3	2,994			

Source Bloomberg

Synopsis - Intraday

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (71)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,793
- Technically bullish on Friday, the MA on the RSI implied that we had momentum support, whilst the move above USD 2,747 suggested that the probability of price trading to a new low had started to decrease. The upside move on the divergence warned that the USD 2,785 fractal resistance could be tested and broken.
- The futures have traded to a new high on the divergence, 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 2,793 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 2,734 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the MA on the RSI implies that momentum is supported. Both price and the RSI are making new highs, warning intraday downside moves have the potential to be countertrend in the near-term. However, we are now trading at two standard deviations above the linear regression line, whilst faster moving momentum (6-period RSI) is overbought at 93, meaning the technical is currently vulnerable to an intraday pullback.

Nickel Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	15,169	R1	15,364	15,290	RSI above 50	Stochastic overbought
S2	15,160	R2	15,480			
S3	15,112	R3	15,560			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA resistance band (Black EMA's)
- RSI is above 50 (60)
- Stochastic is overbought
- Price is above the daily pivot point USD 15,169
- Technically bearish with a neutral bias on Friday, the probability of the futures trading to a new low had started to decrease, whilst the MA on the RSI implied that we had light momentum support. The move below the USD 14,940 level previously, meant that the minimum requirement for cycle completion had been met, whilst the bull support candle was on high volume, warning resistance levels were vulnerable. However, for upside continuation, we would need to see a close that held above the daily 200-period MA (correction intraday 200-period MA - USD 15,208). Failure to do so would imply that there continued to selling resistance in the market.
- We closed above the intraday 200-period MA (USD 15,200), resulting in price moving higher, the technical is now bullish. We are above all key moving averages supported by the RSI above 50, intraday rice and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 15,169 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 15,047 will support a bull argument, below this level the technical will be back in bearish territory.
- Technically bullish, the MA on the RSI implies that momentum is supported. As noted on Friday, the downside move had achieved the minimum requirement for cycle completion, resulting in price trading to new highs. The RSI is supporting the upside move, warning downside moves now have the potential to be countertrend, making USD 15,047 the key support to follow. If broken, then the probability of the futures trading to a new high will start to decrease. As with the rest of the base complex, the 6-period RSI is now at 87, warning near-term momentum is overbought, leaving the futures vulnerable to an intraday pullback.

Lead Morning Technical (4-hour)

Support		Resistance		Current Price	Bull	Bear
S1	1,998	R1	2,019	2,006.5		Stochastic overbought
S2	1,996	R2	2,035			
S3	1,990	R3	2,049			

Synopsis - Intraday

Source Bloomberg

- Price is between the EMA support band (Black EMA's)
- RSI is at 50 (50)
- Stochastic is overbought
- Price is above the daily point USD 1,998
- Bearish with a neutral bias on Friday, the futures were finding buyside support; however, the depth of the pullback suggested caution on upside moves. A close that held above the intraday 200-period MA (USD 2,004) would warn that the USD 2,035 resistance could come under pressure. If broken, then price would be back in bull territory.
- The futures have moved higher on a intraday bull support candle with price now on the intraday 200-period MA (USD 2,006). We are between the EMA resistance band with the RSI neutral at 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 1,998 with the RSI at or below 38 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 2,035 will leave the futures vulnerable to further moves to the downside, above this level the technical will be back in bullish territory.
- Technically bearish, the MA on the RSI implies that momentum is supported. The deep pullback does suggest that the probability of the futures trading to a new high has started to decrease. Downside moves that hold at or above USD 1,982 will support a bull argument, below this level will leave support levels vulnerable. However, we have moved higher on a high volume dominant bull support candle, suggesting for downside continuation the futures will need to close below the low of this candle (USD 1,977), making this the more important of the two support levels. Price is now at an inflection point, as we are trading on the intraday 200-period MA (USD 2,006). If we close and hold above this level, then the USD 2,035 resistance will become vulnerable; if broken, then the futures will be back in bull territory. We are at an inflection point, the deep pullback suggests caution on moves higher; this is countered by the bull support candle, meaning we have a neutral bias this morning.

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