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(Bloomberg) -- For Liang Zhu, who runs an aluminum factory about 100 kilometers north of Hong Kong, there is only one way out of China's vicious spiral of excessive competition: shift away from inexpensive metal for window frames and door handles, and toward the specialized alternatives needed for iPads and airplanes.

Guangdong province has long been a powerhouse of light manufacturing. Today, though, many companies like Liang's are battling to survive in the era of "involution", a term commonly used to describe the country's intense, self-harming industrial race. China's property boom is over, and has left behind small to medium-sized manufacturers saddled with overcapacity, evaporating margins and a relentless struggle for customers.

"Without sufficient profits, there will be no funds to invest in innovation, research or in finding solutions for society," said Liang, general manager at Guangdong Mingzhu Metal Material Technology Co., a company he founded after returning from a spell working in Australia. "That's a dilemma for us, so we look for ways to get out of this so-called involution."

Producers of aluminum to be used in railings or furniture thrived in Guangdong from the early reform years of the 1980s up until the country's real estate crisis began in earnest five years ago. Since then, the region has seen a wave of consolidation.

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	9,902	R1	9,947	RSI above 50	
S2	9,865	R2	9,965		
S3	9,852	R3	10,043		

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- The RSI above 50 (60)
- Stochastic is above 50
- Price is above the daily pivot point USD 9,902
- Technically bullish yesterday, the MA on the RSI implied that we had momentum support. The upside move to a new high had been matched by the RSI, meaning the divergence had failed on the 4-hour timeframe; however, the 1-hour RSI remained in divergence. The breakout had volume support, but we were trading two standard deviations above the linear regression line (USD 9,937), meaning price was at a resistance point, leaving the futures vulnerable to an intraday throwback. Corrective moves lower that held around (or above) the USD 9,865 area would indicate a change in polarity, further supporting a buyer's. Linear regression and the 1-hour divergence warned that we could see an intraday corrective pullback, the volume support alongside the RSI making new high suggested that downside moves now had the potential to be countertrend, meaning we were cautious on lower moves.
- The futures traded to a low of USD 9,875 before finding bid support in the Asian day session. We are above all key moving averages supported by the RSI above 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle above USD 9,902 with the RSI at or above 56 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 9,764 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the future are currently holding above the USD 9,865 level, meaning we are potentially looking at a change in polarity. However, for upside continuation, the futures will need to trade above the USD 9,947 level with the divergence failing; if the divergence holds, upside moves could struggle to hold, as USD 9,957 is two standard deviations above the linear regression line. We are seeing support, but need to see more from the technical to convince that there will be upside continuation, as the divergence and linear regression suggest caution. A close below the USD 9,865 support and the linear regression line (USD 9,857) will indicate sell side pressure is increasing, warning the Fibonacci support zone could come under pressure.

Aluminium Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	2,612	R1	2,646	2,619	RSI above 50	
S2	2,602	R2	2,656			
S3	2,587	R3	2,683			

Source Bloomberg

Synopsis - Intraday

- Price is above the EMA support band (Black EMA's)
- RSI is at 50 (53)
- Stochastic is above 50
- Price is above the daily pivot point USD 2,612
- Technically bullish yesterday, the futures remained above the 200-period MA (USD 2,603) and the low of the last high volume dominant bull candle (USD 2,601). We are cautious on upside moves having rejected the resistance zone and the linear regression line; however whilst above the USD 2,601 level we remained vulnerable to further tests to the upside. A close below USD 2,601 on the 4-hour timeframe would imply sell side pressure is increasing, warning support levels could be tested.
- The futures held above the 200-period MA (USD 2,602) resulting in a small move higher. 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 2,612 with the RSI at or below 50.5 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 have a neutral bias.
- Technically bullish, the futures continue to hold above the 200-period MA and the low of the last high volume dominant bull candle (USD 2,601). A close on the 4-hour candle below USD 2,601 will imply that sell side pressure is increasing, warning the USD 2,587 support could be tested; below this level the probability of the futures trading to a new high will start to decrease. Whilst above the USD 2,601 level, resistance levels remain vulnerable; however, we continue to be cautious on upside moves due to the resistance zone (highlighted) alongside the linear regression line and Fibonacci resistance at USD 2,656.

Zinc Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,846.5	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 (61)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,828
- Bearish with a neutral bias yesterday, the MA on the RSI implied that momentum was supported. The futures had held above the 200-period MA with price testing but remaining below the linear regression line (USD 2,836). The upside move back above the USD 2,822 resistance implied that the probability of the futures trading to a new low had started to decrease, this was supported by the move above USD 2,821.5. We'd previously had concerns that upside moves could be countertrend due to price trading to a low of USD 2,753, as it warned that there could be a larger, bearish wave cycle coming into play. We noted yesterday that buyside pressure was increasing with price trading above the daily 200-period MA (USD 2,815), a daily close above this level and a close that held above (USD 2,836) level (intraday) would warn that resistance levels could be tested and broken.
- The futures traded to a high of USD 2,855, meaning the intraday technical is now bullish. We are above the EMA support band with the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 2,828 with the RSI at or below 54.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 2,787 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 at this point. The futures are now trading above the linear regression line (USD 2,838), implying buyside pressure is increasing; however, a lower timeframe Elliott wave cycle (sub 30 min) is in divergence, warning we could see a momentum slowdown. If we hold above the linear regression line (or see a strong move higher) then the lower timeframe cycle is likely to extend, as the oscillator cross is marginal. If we close below the USD 2,838 it will leave Fibonacci support vulnerable, making USD 2,787 the key level to follow; if we hold, it will indicate a larger bull cycle is coming into play. Conversely, below this level the probability of price trading to a new high will start to decrease. The technical is in balance, based on the lower timeframe wave cycle, we are currently vulnerable to an intraday pullback.

Nickel Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	15,281	R1	15,459	15,415	RSI above 50	Stochastic overbought
S2	15,207	R2	15,545			
S3	15,107	R3	15,640			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (59)
- Stochastic is overbought
- Price is below the daily pivot point USD 15,459
- Technically bullish yesterday, the MA on the RSI implied that momentum was supported. The 4-hour divergence had failed, but price remained divergence on the 1-hour timeframe, meaning we continued to have a note of caution on upside moves at those levels. However, we noted that there looked to be a larger bullish Elliott wave cycle in play, suggesting downside moves could be countertrend, making USD 15,107 the key support to follow. Below this level the probability of the futures trading to a new high would start to decrease.
- The futures have seen a small move lower but we remain above the EMA support band with the RSI above 50, intraday price and momentum are now conflicting.
- A close on the 4-hour candle below USD 15,459 with the RSI at or below 58 will mean price and momentum are aligned to the sell side. Likewise, a close above this level with the RSI at or above 62.5 will mean it is aligned to the buy side. Downside moves that hold at or above USD 15,107 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 remains support; however, the RSI is crossing its average, warning price and momentum could be transitioning to the sell side. The lower timeframe Elliott wave cycle looks to have completed, leaving the futures vulnerable to an intraday move lower. As noted yesterday, there does look to be a larger bullish wave cycle in play, making USD 15,107 the key support to follow, suggesting downside moves should be considered as countertrend. If broken, then the probability of the futures trading to a new high will start to decrease. We remain cautious on upside moves at these levels.

Lead Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	1,998	R1	2,000	1,999	RSI above 50	Stochastic overbought
S2	1,992	R2	2,012			
S3	1,958	R3	2,023			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (54)
- Stochastic is overbought
- Price is above/on the daily point USD 1,998
- Unchanged on the technical yesterday. We remained below the daily and intraday 200-period MA's (USD 1,992—USD 2,001), meaning we were cautious on upside moves whilst below the averages. However, having moved higher on a positive divergence with the RSI, for downside continuation, we still need to see a close below the low of the last dominant bull candle (USD 1,979.5).
- The futures moved higher yesterday, resulting in price closing above the daily 200-period MA (USD 1,9920; however, we have seen a small move lower this morning, meaning we are trading below the intraday 200-period MA (USD 2,000). We are above the EMA support band with the RSI above 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 51.5 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 2,012 will warn there could be a larger, bearish, Elliott wave cycle in play.
- Technically bearish, the MA on the RSI implies momentum is supported, above USD 2,012 the probability of price trading to a new low will start to decrease. Price is above the daily pivot level (USD 1,998) but below the intraday 200-period MA (USD 2,000), meaning we are at an inflection point. We currently have a neutral bias, a close below the low of the last dominant bull candle (USD 1,994) will indicate sell side pressure is increasing.

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