

Cu

(Bloomberg) -- China's labor market is deteriorating just as deflationary pressures showed initial signs of easing, threatening to reverse progress by emptying the pockets of consumers Beijing needs to spend again.

To the surprise of some economists, the distress is suddenly showing up in a range of government data sets to an extent unseen in months. None of the analysts surveyed by Bloomberg News had expected urban unemployment to tick up last month, when it rose to the highest level since February.

And private figures paint an even bleaker picture: a survey of 300 company executives by Cheung Kong Graduate School of Business found companies last month were the most pessimistic about future hiring since early 2020.

"The reality of unemployment is probably worse than what we see in official data," said Raymond Yeung, chief economist for Greater China at Australia & New Zealand Banking Group Ltd. "This means more downward pressure on wages, which will drive further deflation."

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	9,931	R1	9,991		RSI below 50
S2	9,847	R2	10,057		
S3	9,842	R3	10,068		

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- The RSI below 50 (47)
- Stochastic is above 50
- Price is below the daily pivot point USD 9,991
- The futures remain bullish but in a corrective phase yesterday, our Elliott wave analysis continued to suggest that downside moves should be considered as countertrend, making USD 9,847 the key support to follow. If broken, then the probability of the futures trading to a new high would start to decrease. As highlighted on previously, a close above the trend and linear regression resistance would warn that the USD 10,098 level could come under pressure, above this level would imply that buy-side pressure was increasing, warning the USD 10,192.5 fractal high could be tested and broken. If rejected, it would imply that there could be further downside within this corrective phase. Near-term price action had a slight neutral bias, as price was in the EMA support band whilst the RSI is at 49.
- The futures sold to a low of USD 9,950 before seeing light bid support into the close; however, the futures have seen bids fade in the Asian day session. We are below the EMA support band with the RSI below 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle below USD 9,991 with the RSI at or below 46 will mean price and momentum are aligned to the sell side. Likewise, a close above this level with the RSI at or above 50.5 will mean it is aligned to the buy-side. Downside moves that hold at or above USD 9,847 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the futures remain in a corrective phase with price below the trend and linear resistance lines (USD 10,057—USD 10,068). Intraday Elliott wave analysis continues to suggest that downside moves should in theory be countertrend, making USD 9,847 the key support to follow. Below this level the probability of the futures trading to a new high will start to decrease. A close that holds above the USD 10,068 level will imply buy-side pressure is increasing, leaving the USD 10,098 vulnerable; if broken, market buyer's will look to target the USD 10,192.5 fractal high.

Aluminium Morning Technical (4-hour)



Synopsis - Intraday

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (43)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,657
- Technically bullish but in a corrective phase yesterday, the MA on the RSI continued to imply that momentum was weak. However, we noted that we had a three wave pattern lower, whilst our Elliott wave analysis continued to suggest caution on downside moves. If price and momentum became aligned to the buyside, and we closed and held above the linear regression line (USD 2,683), it would warn that the USD 2,705 fractal resistance could be tested and broke; if it was, then market buyer's would look to test the USD 2,720 fractal high. Conversely, downside moves below the USD 2,633 level would warn that the probability of the futures trading to a new high would start to decrease.
- Price and momentum failed to become aligned to the buyside, resulting in the futures selling to a low of USD 2,635 before seeing light bid support. 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 2,657 with the RSI at or above 52.5 will mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 2,633 will support a bull argument, below this level the technical will have a neutral bias.
- Bullish but in a corrective phase, the MA on the RSI implies that momentum remains weak. Our Elliott wave analysis continues to suggest that downside moves should be considered as countertrend; however, if we trade below the USD 2,633 level, then the probability of price trading to a new high will start to decrease. A close that holds above the linear regression line (USD 2,684) will imply buyside pressure is increasing, whilst a move above USD 2,691 will leave the USD 2,720 fractal resistance vulnerable. Momentum remains weak, warning the USD 2,635 support could still come under pressure; however, below this level the futures will be divergent with the 1-hour RSI, meaning we have a note of caution on moves below this level.

Zinc Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,889	RSI below 50	
S2	R2			
S3	R3			

Source Bloomberg

Synopsis - Intraday

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (44)
- Stochastic is below 50
- Price is below the daily pivot point USD 2,907
- The futures remained bullish but in a corrective phase yesterday with the MA on the RSI implying that momentum was weak; however, the RSI was starting to move above its average, warning it could be transitioning to the buyside. We were above the linear regression line (USD 2,908), meaning the USD 2,960 resistance could come under pressure. If broken, market buyers would look to target the USD 3,003.5 high; conversely, a rejection at or below this level would warn that there could be further downside within the corrective phase. Elliott wave analysis continued to suggest that downside moves should be considered as countertrend, making USD 2,838 the key support to follow, if broken, then the probability of the futures trading to a new high would start to decrease.
- The upside move failed to hold yesterday, resulting in the futures giving back the bulk of its gains. Price is lower in the Asian day session meaning 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 2,907 with the RSI at or above 48.5 will mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 2,838 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish but in a corrective phase, the MA on the RSI is now flat, implying momentum is neutral. Elliott wave analysis suggests that downside moves should be considered as countertrend, whilst a move below USD 2,878 will create a positive divergence with the RSI. Not a buy signal, it is a warning that we could see a momentum slowdown, which needs to be monitored. Upside moves that close and hold above the linear regression line (USD 2,911) will imply buyside pressure is increasing, warning the USD 2,690 resistance could come under pressure. If rejected, it will signal a more complex corrective phase, meaning we could see another test to the downside. Conversely, if broken, market buyer's will look to test the USD 3,003.5 fractal resistance. Due to the divergence below USD 2,878, we are cautious on downside breakouts below this level.

Nickel Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	15,196	R1	15,250	15,235	Stochastic oversold	RSI below 50
S2	15,157	R2	15,303			
S3	15,055	R3	15,347			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (47)
- Stochastic is oversold
- Price is below the daily pivot point USD 15,250
- We remained bullish with a neutral bias yesterday, the MA on the RSI continued to suggest that momentum was weak. A close that held below the 200-period MA would warn that support levels could come under pressure. Conversely, whilst above the average, resistance levels are considered remained vulnerable. As noted on Friday, the weak momentum continues to warn that support levels could come under pressure.
- The futures traded to a low of USD 15,160 before finding light bid support. 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 15,250 with the RSI at or above 50.5 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 15,407 will leave the futures vulnerable to further tests to the downside, above this level the technical will be back in bullish territory.
- Bearish with a neutral bias, the move lower in the Asian day session has failed to hold below the 200-period MA (USD 15,196). The intraday 1-hour RSI is divergent, warning sell side momentum could slow, whilst the 4-hour candle has produced a long legged Doji, signaling indecision in the market. The deep pullback means that the probability of the futures trading to a new high has started to decrease; however, we are seeing signs of momentum support, warning we could see an intraday move higher, making USD 15,407 the key resistance to follow. Above this level the technical will be back in bull territory; however, if rejected, it will imply there is a more complex corrective phase in play. We are cautious on downside moves today due to the lower timeframe divergence and the indecision candle.

Lead Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	1,988	R1	1,998	1,993	Stochastic oversold	RSI below 50
S2	1,982	R2	2,009			
S3	1,972	R3	2,020			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- RSI is above 50 (44)
- Stochastic is oversold
- Price is below the daily point USD 1,998
- The futures remained bullish with price continuing to move sideways above the USD 1,992 level yesterday; we noted that we were holding above the daily 200-period MA (USD 1,990). Whilst above the MA support zone, meaning resistance levels remained vulnerable; however, if we breached the USD 1,998 (correction USD 1,988) support, then the probability of the futures trading to a new high would start to decrease.
- The futures continued to sell lower with price now on the intraday 200-period MA (USD 1,992), meaning we are at an inflection point. 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 1,998 with the RSI at or above 52 will mean price and momentum are aligned to the buy side. Downside moves that hold at or above USD 1,988 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, but in a corrective phase, the MA on the RSI implies that momentum remains weak, warning the USD 1,998 support could be tested and broken. Below this level, the probability of the futures trading to a new high will start to decrease. However, market sellers should be cautious if we breach the support but see a daily close above the daily 200-period MA (USD 1,989), as it will warn that there is an underlying support in the market. We have a neutral view today, as price is at an inflection point.