

News

China

A dashboard of economic indicators we track to forecast the People's Bank of China's next move sent an incrementally stronger signal that additional easing is needed, based on May data. This reinforces our view that the PBOC will lower rates and reserve requirements in the next month or two to spur growth.

Five of the 11 gauges suggested a looser policy is needed. Four made a case for tightening. The other two were in neutral zones.

This was in line with the constellation a month earlier, except that data underlining our growth assessment weakened -- retail sales extended a year-on-year fall to three months, while production growth held below its 36-month average (now 5.2%) for a third month in a row.

Labor market data pointed to the need for more stimulus, with the unemployment rate still up significantly from 2021.

A ninth month of declines in housing prices -- a gauge of financial stability -- also pointed to the need for further easing.

Credit conditions sent a neutral signal

Pointing the other way, inflation data (CPI and PPI) on balance signaled a tighter stance is warranted.

A tightening signal from the external balance also strengthened on the back of the yuan's fall. We don't think the PBOC would act on that, though -- a weaker currency helps growth. (Bloomberg Economics).

AU

Aluminium ingot inventory: The Aluminium ingot social inventories across China's eight major markets totalled 751,000 mt as of June 23, down 34,000 mt from last Thursday and 172,000 mt from the end of May. This was also 124,000 mt lower than in the same period last year. The inventories in Wuxi and Foshan continued to fall due to dip buying by downstream producers and fewer arrivals. The inventories in Gongyi began to accumulate as a result of increased arrivals and poor downstream purchases. The market shall pay attention to whether downstream orders will increase. (SMM).

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	8,491	R1	8,754	Stochastic oversold	RSI below 50
S2	8,337	R2	8,794		
S3	8,258	R3	8,892		

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA Resistance band (Black EMA's)
- RSI is below 50 (31)
- Stochastic is oversold
- Price is below the daily pivot point USD 8,794
- Technically bearish but not considered a technical sell for the last few days, the downside move yesterday means the positive divergence has now failed. Price is 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 8,794 with the RSI at or above 38 will mean price and momentum are aligned to the buyside. However, upside moves that fail at or below USD 8,892 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. Only above USD 9,062 is the intraday technical bullish.
- The new low in the RSI could prove to be significant as the divergence failure is warning that we are seeing some form of Intraday Elliott wave extension on a lower timeframe. This is supported by the EMA resistance band, which is well spaced, implying that the trend is currently stable.
- Technically bearish, the RSI is low at 31 but warning that resistance levels could hold if tested, if we trade above the USD 9,062 level it will imply that this phase in the cycle has completed. Near-term support is now at USD 8,491 with further support at USD 8,337.

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,494	R1	2,618	RSI below 50	
S2	2,462	R2	2,663		
S3	2,434	R3	2,723		

Source Bloomberg

Synopsis - Intraday

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (43)
- Stochastic is below 50
- Price is above the daily pivot point 2,494
- As noted yesterday the futures looked to be rolling over to the downside; however, below USD 2,479.5 we had the potential to create a positive divergence, not a buy signal it did warn that we had the potential to see a momentum slowdown. Price traded to a new low before moving higher, price remains below the EMA resistance band supported by the RSI below 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 2,494 with the RSI at or below 38.5 will mean price and momentum are aligned to the sell side.
- Upside moves that fail at or below USD 2,723 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. Only above USD 2,998 is the technical bullish.
- Wave analysis is still bearish whilst the EMA resistance band remains well spaced, the sequence of positive divergences is warning that we have a potential upside move coming. However, based on the intraday Elliott wave cycle, upside moves from here have the potential to be countertrend on the intraday.

Zinc Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	3,538	Stochastic oversold	RSI below 50
S2	R2			
S3	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (42)
- Stochastic is oversold
- Price is below the daily pivot point USD 3,554
- Little has changed in the technical from yesterday, the futures tested the downside but failed to trade below the USD 3,490 low. Price is below the EMA resistance band supported by the RSI below 50 with intraday price and momentum conflicting.
- A close on the 4-hour candle above USD 3,554 with the RSI at or above 46 will mean price and momentum are aligned to the buy side. Likewise, a close below this level with the RSI at or below 41.5 will mean it is aligned to the sell side.
- Upside moves that fail at or below USD 3,660 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. Only above USD 3,748 is the intraday technical bullish.
- Downside moves below USD 3,490 will create further positive divergence with price warning we have the potential for a momentum slowdown. (Unchanged)
- Technically bearish the divergence will need to be monitored as downside breakouts below USD 3,490 are not considered to be a technical sell. (unchanged)

Nickel Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	24,449	Stochastic oversold	RSI below 50
S2	R2			
S3	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (35)
- Stochastic is oversold
- Price is below the daily pivot point USD 24,749
- Technically bearish but not considered a technical sell due to the positive divergence, price moves lower on the open with the futures trading to a low of USD 24,441. Price is 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 24,749 with the RSI at or above 43.5 will mean price and momentum are aligned to the buy side. Key resistance remains unchanged, upside moves that trade above the USD 26,100 level will mean the intraday technical is bullish.
- We can see on the chart that there is a 5-wave pattern lower that started on the 30/05 whilst the futures are in divergence, this is warning that the trend has the potential to exhaust soon. We maintain our view that the futures are no considered a technical sell at these levels.

Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,004	R1	2,030	Stochastic oversold	RSI below 50
S2	1,974	R2	2,051		
S3	1,935	R3	2,063		

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (36)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,030
- Technically bearish but with a divergence that needs to be monitored, the futures continued to move lower yesterday. Price is 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 2,030 with the RSI at or above 44 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 2,080 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. Only above USD 2,128.5 is the intraday technical bullish.
- The technical remains bearish but in in divergence with the RSI which will need to be monitored, as it is warning we have the potential to exhaust soon.