

News

Base

Base metals edged up from their worst week in a year as China's economy showed signs of recovering, and Goldman Sachs Group Inc. said global supplies were still constrained.

Early indicators for China's economic activity tracked by Bloomberg suggest an improvement in activity during June as Covid restrictions were gradually eased. An overall gauge of the outlook returned to neutral after deteriorating for two straight months, though the recovery remains muted.

Metals are still on track for the biggest quarterly plunge since the 2008 financial crisis amid rising fears of an industrial slowdown across major economies. It's a partial reversal from the past two years, when metals prices benefited from a wave of bets on demand optimism and crimped supply.

"The sharp move lower in base metals prices over the past few weeks reflects almost entirely financial liquidation pressures, rather than any deterioration in fundamental conditions," analysts including Jeffrey Currie wrote in a note. Still, price pressures would likely linger until responses including supply cuts or "extreme" inventory reductions, they said. (Bloomberg)

AU

The Aluminium ingot social inventories across China's eight major markets totalled 746,000 mt as of June 27, down 4,000 mt from last Thursday and 176,000 mt from the end of May. The destocking of Aluminium ingots slowed down significantly. The decline was still led by Wuxi and Foshan. The outflows from warehouses in Wuxi decreased by 20,000 mt as the impact of the collateral scandal has subsided and as spot trades weakened. The inventory in Gongyi rose due to growing arrivals and poor downstream purchases. SMM will keep a close eye on whether downstream purchasing sentiment will improve. (SMM).

Copper Morning Technical (4-hour)



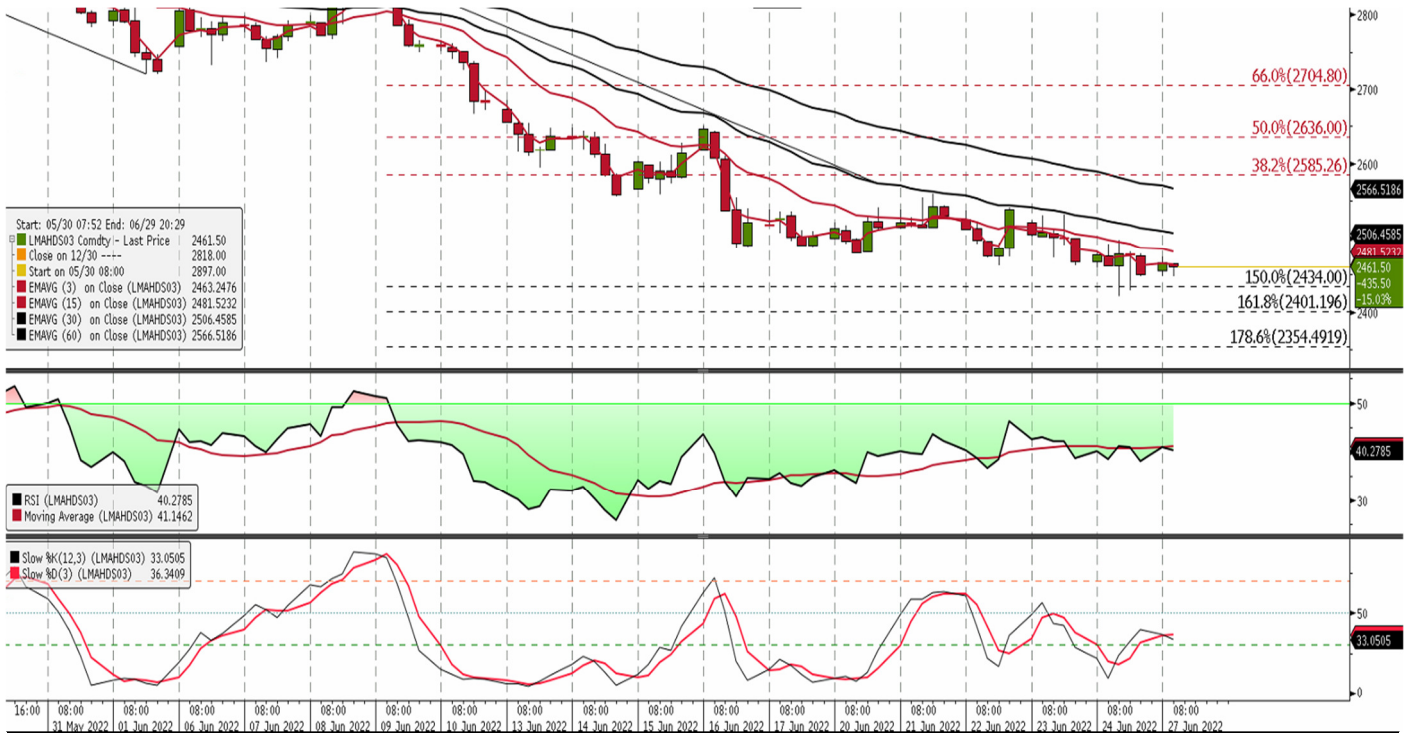
	Support	Resistance	Current Price	Bull	Bear	
S1	8,142	R1	8,406		RSI below 50	
S2	7,893	R2				8,592
S3	7,682	R3				8,742

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA Resistance band (Black EMA's)
- RSI is below 50 (36)
- Stochastic is below 50
- Price is above the daily pivot point USD 8,306
- Technically bearish on the last report with the futures targeting the USD 8,142 and USD 7,893 levels. The futures have traded to a low of USD 8,122.50 before finding support into the close on Friday. Price is higher on the Asian open, but we remain below the EMA resistance band with the RSI below 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 8,306 with the RSI at or below 29.5 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 8,742 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, price is now testing the base of the downside channel (USD 8,423), intraday Elliott wave analysis would suggest that the upside move we are seeing is countertrend, implying there is another downside move to come in this phase of the cycle. Key near-term resistance is at USD 8,742

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,434	R1	2,450	Stochastic oversold	RSI below 50
S2	2,401	R2			
S3	2,354	R3			

Source Bloomberg

Synopsis - Intraday

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (38)
- Stochastic is below 50
- Price is above the daily pivot point 2,456
- The futures remain in divergence with price continuing to make new lows. Price is below all key moving averages supported by the RSI below 50, intraday price and momentum are conflicting
- A close on the 4-hour candle above USD 2,456 with the RSI at or above 43.5 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.
- Upside moves that fail at or below USD 2,585 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically we remain unchanged from last week, the futures continue to move lower in what looks like an extended Elliott wave 3 to the downside with price still producing a series of negative divergences, warning we have the potential to see a momentum slow down. Upside moves, based on our wave analysis should in theory be considered as countertrend at this point.

Zinc Morning Technical (4-hour)



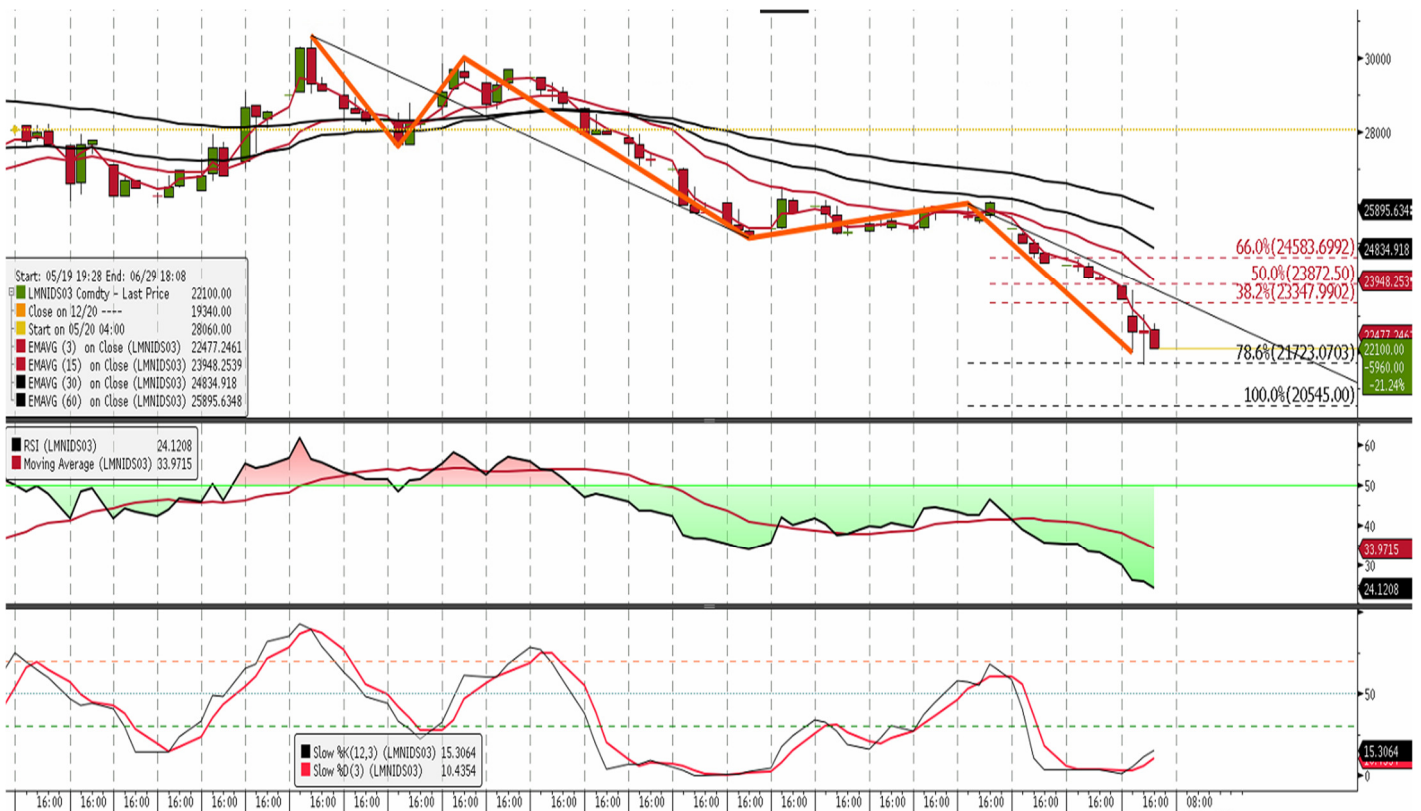
	Support	Resistance	Current Price	Bull	Bear
S1	3,308	R1	3,346	Stochastic oversold	RSI below 50
S2	3,189	R2			
S3	3,189	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (34)
- Stochastic is oversold
- Price is below the daily pivot point USD 3,385
- Technically bearish with the futures continuing to move lower on Friday, resulting in the RSI moving below the low from the 20/06. 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 3,385 with the RSI at or above 41 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 3,507 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- The new low and the break in divergence are warning that upside moves should be considered as counter-trend, warning we now have the potential for further downside within this cycle. On Friday the futures were not considered a technical sell due to the divergence, the move between the 30/05 and 20/06 completed a 5-wave sequence, this new low would indicate we are now in a new phase of an extended cycle (I.E we are in a larger corrective cycle that has bearish implications going forward).

Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	21,723	R1	22,516	Stochastic oversold	RSI below 50
S2	20,545	R2	22,400		
S3	19,058	R3	23,872		

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (24)
- Stochastic is oversold
- Price is below the daily pivot point USD 22,516
- We noted on Friday that momentum remains weak due to the RSI making a new low, however we remained concerned due to the 5-wave pattern. The RSI continues to move lower with wave extensions now in Cu, Al, Zn and Pb. One would assume that we should look for a wave extension here also, as the RSI is suggesting upside moves should be considered countertrend. 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 22,516 with the RSI at or above 36 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 24,583 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, the RSI at 24 is oversold; however, based on it making new lows, upside moves should be considered countertrend at this point.

Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	1,932	R1	1,954	Stochastic oversold	RSI below 50
S2	1,886	R2			
S3	1,845	R3			

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 1,932
- Technically bearish on Friday with the divergence failure warning that upside moves should be considered as countertrend. Price is now moving higher but 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 1,932 with the RSI at or below 30 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below 2,042 will leave the futures vulnerable to further test to the downside, above this level the technical will have a neutral bias.
- Intraday Elliott wave analysis would suggest that this upside move is countertrend, suggesting resistance levels should hold if tested.
- Technically bearish, price and momentum are currently to the buyside.