

News China

China's factory activity was the most it has been in a year last month, returning to positive territory after three straight months of contraction as production and demand bounce back after a resurgence of Covid-19 in the country, according to a widely watched private survey.

The Caixin purchasing managers' index for manufacturing was 51.7 in June, a gain of 3.6 percentage points from May, market research firm Markit reported today.

The data is in line with the official manufacturing PMI published by the National Bureau of Statistics yesterday. That figure came in at 50.2 for last month, up 0.6 percentage point from May, and above the benchmark of 50. A reading above 50 indicates expansion and one below reflects contraction. (Bloomberg)

CU

Copper sank to its lowest since early 2021, deepening a metals rout that's gathered pace as fears of a global economic slowdown intensify.

The metal sometimes considered a barometer of the world economy slumped as much as 2.8% to \$8,030 a ton on the London Metal Exchange, the lowest since February 2021 and heading toward the key threshold of \$8,000. Investors appear increasingly convinced that growth is set to fade amid tightening monetary policy and an energy crisis centered on Europe. (Bloomberg)

AL

Asia's biggest importer of aluminum is experiencing a glut of the so-called everywhere metal -- used in everything from cars to beer cans -- as automotive demand slumps due to supply-chain constraints. Inventories at Japanese ports are at a six-year high, while domestic buyers are set to pay the lowest premium for the metal in more than a year in the coming quarter. Global aluminum prices have also dropped -- they're down more than a third since early March -- a signal that inflationary pressure is easing. (Bloomberg)

Copper Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	8,056	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 (31)
- Stochastic is oversold
- Price is below the daily pivot point USD 8,298.50
- We noted yesterday that the futures had confirmed the upside moves was an Elliott wave 4. The downside moves below USD 8,260 meant the futures targeted the USD 8,122.50 low, this has now been achieved. 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 8,298.50 with the RSI at or above 40.5 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 8,381 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. Only above USD 8,538.50 is the intraday technical bullish.
- The new low has confirmed that the futures are on a bearish wave 5, near-term support is at USD 7,895 with a potential downside target at USD 7,498. However, the new low means that the minimum requirement for wave completion has now been achieved.
- Technically bearish with the potential to trade as low as USD 7,498, the new low means we now have a positive divergence with the RSI, not a buy signal it does warn that we have the potential for a momentum slow-down and will need to be monitored.

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,402	R1	2,442	Stochastic oversold	RSI below 50
S2	2,328	R2	2,453		
S3	2,264	R3	2,569		

Source Bloomberg

Synopsis - Intraday

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (36)
- Stochastic is oversold
- Price is above the daily pivot point 2,442
- Yesterday we noted the futures were potentially in the early stages of a bearish wave 5, this has been confirmed by the futures, as they have traded below the USD 2,421 low. 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 2,442 with the RSI at or above 44.5 will mean price and momentum are aligned to the buy side. Upside moves that fail at or below USD 2,490 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. Only above USD 2,536 is the intraday technical bullish.
- Downside moves below USD 2,402 will target the near-term support at USD 2,328; however, based on our wave analysis we have the potential to trade as low as USD 2,220.
- Technically bearish with the futures now on an Elliott 5th way, meaning the minimum requirement for phase completion has been achieved. We are in divergence with the RSI, this is not a buy signal, but will need to be monitored.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear	
S1	3,088	R1	3,138	Stochastic oversold	RSI below 50	
S2	3,036	R2				3,297
S3	2,962	R3				3,361

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (28)
- Stochastic is oversold
- Price is above the daily pivot point USD 3,208
- The futures have moved to a new low before trading higher, meaning we are seeing a downside wave extension. 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 3,208 with the RSI at or above 37.5 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 3,446 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. Only above USD 3,748.5 is the intraday technical bullish.
- Technically bearish with near term support at USD 3,088, further support is at USD 3,036 and USD 2,962. Upside moves should be considered as countertrend at this point.

Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	21,723	R1	23,155		RSI below 50
S2	21,650	R2	25,417	23,698	
S3	20,545	R3	26,100		

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (39)
- Stochastic is below 50
- Price is above the daily pivot point USD 23,155
- We noted yesterday that the futures could be vulnerable to a downside move on the open due to the negative sentiment across the sector, resulting in the futures coming under pressure on the open. 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 23,845 with the RSI at or above 42.5 will mean price and momentum are aligned to the buy side. Likewise, a close below this level with the RSI at or below 38 will mean it is aligned to the sell side.
- Technically bearish but with a neutral bias, the downside move below USD 22,899 means we now target the near-term support at the USD 21,650 low.

Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	1,885	R1	1,922	Stochastic oversold	RSI below 50
S2	1,845	R2			
S3	1,804	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (39)
- Stochastic is oversold
- Price is below the daily pivot point USD 1,916
- Technically bearish yesterday with the USD 1,900.50 support looking vulnerable, the futures traded to a new low, confirming we have entered a bearish Elliott wave 5. Price is below the 8-21 period EMA's supported by the RSI below 50, intraday price and momentum are aligned to the buy side.
- A close on the 4-hour candle below USD 1,916 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 1,917 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. Only above USD 2,017.5 will the intraday technical be bullish.
- Near-term support is now at the USD 1,883 low; however, based on our wave analysis we have the potential to trade as low as USD 1,084. The new low means we have achieved the minimum requirement for phase completion with the futures now in divergence with the RSI.
- Technically bearish, the divergence will need to be monitored.