

## China

China will unveil a bumper set of economic indicators this week that will likely set the pace for monetary and fiscal stimulus for the rest of the year as Beijing chases down its ambitious growth target.

Key data -- from gross domestic product and retail sales to fiscal revenue and bank borrowing -- will be closely watched to assess the damage of Covid lockdowns during April and May and the strength of the rebound since then as restrictions were eased. The figures will also give clues on the state of the property market, a major drag on growth this year. (Bloomberg).

## Base

Commodity investors looking to China to reverse the severe rout in global metals markets may be disappointed, with Beijing unable to deliver the kind of investment splurge that powered past bull markets.

Authorities are mulling a plan to let local governments sell 1.5 trillion yuan (\$220 billion) of special bonds in the second half, according to people familiar with the matter. This potential boost for infrastructure spending helped commodities pare some of their steep losses in recent weeks.

While past waves of Chinese stimulus played a role in rescuing industrial commodities from slumps in global demand -- after the 2008 financial crisis, from late 2015, and arguably again in 2020 -- there's much more caution this time. Extra funds will likely be used to plug Covid-era budget gaps, and won't tackle the bigger issue for metals demand: a subdued property market and a still-struggling manufacturing sector. (Bloomberg).

## Cu/Al

China Boosts Copper, Aluminum Production in June: SMM

China's refined copper output rose as Shandong smelters restarted output, researcher Shanghai Metals Market says, citing their survey. Copper output rose to 857kt in June, +4.6% from May and +3.3% from year ago

Production may rise further in coming months as smelters complete maintenance or launch new capacity

Aluminum production at 3.361m tons in June, +4.5% from year ago and also up on daily basis from May

Zinc output down to 488.5kt in June, lower than expected and -5.2% from May on smelter maintenance (Bloomberg)

# Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	7,513	R1	7,786		RSI below 50
S2	7,215	R2	7,943		
S3	6,855	R3	8,114		

## Synopsis - Intraday

Source Bloomberg

- Price is below the EMA Resistance band (Black EMA's)
- RSI is below 50 (38)
- Stochastic is above 50
- Price is below the daily pivot point USD 7,786
- Momentum on Friday warned the futures were vulnerable to a test to the downside, price did test the EMA resistance band which has held, resulting in the futures moving lower on the open. The RSI is below 50 with price and momentum conflicting.
- A close on the 4-hour candle below USD 7,786 with the RSI at or below 37 will mean price and momentum are aligned to the sell side. Likewise, a close above this level will mean it is aligned to the buyside. Downside moves that hold at or above USD 7,513 will support a near-term bull argument, below this level the futures will target the USD 7,291.50 low.
- Upside moves that fail at or below USD 8,114 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- The trend remains technically bearish with the Elliott wave cycle suggesting the upside move is countertrend at this point. Key resistance is at USD 8,114.

# Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,355	R1	2,412.5		RSI below 50
S2	2,315	R2			
S3	2,247	R3			

Source Bloomberg

## Synopsis - Intraday

- Price is below the EMA resistance band (Black EMA's)
- RSI is below (46)
- Stochastic is above 50
- Price is below the daily pivot point 2,428
- Little movement in the futures on Friday with the futures consolidating around the EMA resistance band. The RSI is below 50 with intraday price and momentum conflicting. We remain technically bearish but with a neutral bias.
- A close on the 4-hour candle below USD 2,428 with the RSI at or below 45.5 will mean price and momentum are aligned to the sell side. Likewise, a close above this level with the RSI at or above 50 will mean it is aligned to the buy side.
- Downside moves that hold at or above USD 2,398 will support a near-term bull argument, below this level we target the USD 2,355 low. Upside moves above USD 2,536 would suggest the bearish intraday Elliott wave cycle has completed, indicating the technical is potentially turning to the buy side.
- Technically bearish with a neutral bias, the intraday Elliott wave cycle is becoming less clear, warning we could soon exhaust. Key levels to follow are USD 2,536 and USD 2,398.

# Zinc Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	3,069		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 above 50
- Price below the daily pivot point USD 3,094.5
- Little changed on the technical with the futures moving sideways on Friday. Price is below the EMA resistance band supported by the RSI below 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle below USD 3,094.5 with the RSI at or below 41 will mean price and momentum are aligned to the sell side. Likewise, a close above this level with the RSI at or above 45.5 will mean it is aligned to the buyside.
- A small revision on the Fibonacci resistance levels, upside moves that fail at or below USD 2,474 will leave the technical 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.
- Intraday Elliott wave analysis would imply we should (in theory) have another test to the downside; however, at this point the RSI is above its moving average, implying caution at this point.



# Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	21,467	R1	22,547	Stochastic oversold	RSI below 50
S2	20,850	R2	23,072		
S3	20,056	R3	23,783		

## Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (42)
- Stochastic is oversold
- Price is above the daily pivot point USD 21,467
- Technically bearish with price on an Elliott wave 5. The futures are below all key moving averages supported by the RSI below 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 21,467 with the RSI at or below 39 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below 23,783 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- The futures have now achieved the minimum requirement for wave/phase completion, Using the Williams approach we have a potential downside target at USD 20,056, if we trade below this level we target the USD 18,651 support (Unchanged)

# Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	1,885	R1	1,933.5	Stochastic oversold	RSI below 50
S2	1,845	R2	2,007.5		
S3	1,804	R3	2,017.5		

## Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (41)
- Stochastic is oversold
- Price is below the daily pivot point USD 1,933.5
- Having failed to trade above the USD 2,017.5 the futures have since moved lower. Price is below the EMA resistance 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 1,933.5 with the RSI at or above 51 will mean price and momentum are aligned to the buy side. The futures have traded below the USD 1,925 support, meaning we now target the USD 1,883 low.
- The technical is bearish with price below the EMA resistance band but the trend is not stable as the bands are compressed and flat. We have seen 5-waves lower but failed to trade above the USD 2017.5 fractal resistance, if we trade below USD 1,883 it will warn that we are seeing wave extension and have bearish implications going forward.