

China

China's consumer inflation accelerated last month as the Lunar New Year holiday spurred demand following the nation's reopening from Covid Zero.

The consumer price index rose 2.1% from a year earlier, the National Bureau of Statistics said Friday, matching the median estimate in a Bloomberg survey. That followed a 1.8% year-on-year gain in December. Core inflation, which doesn't include volatile food and energy prices, rose to 1% — the highest since June.

The producer price index, meanwhile, fell 0.8% after declining 0.7% the previous month, the National Bureau of Statistics. Economists surveyed by Bloomberg had expected a 0.5% drop. (Bloomberg)

Al

Aluminum headed for a second weekly drop as hawkish Federal Reserve comments sapped appetite for risk and Russian metal flows to exchange warehouses swelled supplies.

The lightweight metal fell for the seventh time in eight sessions as industrial materials were pressured by the prospect of higher interest rates in the US. Fed Bank of Richmond President Thomas Barkin said it's important to continue hiking rates to rein in inflation, echoing the other Fed officials earlier in the week.

Prices have also responded to the surge earlier this week in aluminum stockpiles in South Korea, an attractive storage hub for Russian metal. The London Metal Exchange also published data showing Russian metal has been flowing into its warehouses in recent months, but said the increase was in line with its expectations and that consumers were still accepting it. (Bloomberg).

Ni

one of the world's biggest commodities traders has claimed that it may have been victim of a "systemic fraud" related to nickel cargoes.

Trafigura said it had booked a \$577 million charge in its accounts to reflect "the maximum loss exposure" after discovering there was no nickel in some containers it had bought from companies linked to Prateek Gupta, an Indian businessman. It is waiting to inspect the rest of the supposed nickel cargoes to determine how many contain the valuable battery metal.

Trafigura has started legal action against Gupta and companies he controls or has links to, including TMT Metals, based in London, and companies owned by UD Trading. TMT Metals was approached for comment.

Trafigura said profits for the six months to the end of March 2023 were still expected to exceed the \$2.7 billion made in the same period a year earlier.

It said it had "seen no evidence to suggest that anyone at Trafigura was involved or complicit" in the discrepancies. Nevertheless, the disclosure is embarrassing and raises questions about its checks and systems. (Bloomberg)

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	8,808	R1	8,985		RSI below 50
S2	8,651	R2	8,912		
S3	8,479	R3	9,179		

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (43)
- Stochastic is above 50
- Price is below the daily pivot point USD 8,985
- The futures moved higher yesterday but rejected the intraday EMA resistance band again. The RSI is below 50 with intraday price and momentum aligned to the sell side.
- A close on the 4-hour candle above USD 8,985 with the RSI at or above 48 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 9,298 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. Likewise, downside moves that hold at or above USD 8,651 will support a longer-term bull argument.
- Intraday Elliott wave analysis would suggest that the USD 8,808 support is vulnerable; however, a new low will create a positive divergence with the RSI, warning we could see a momentum slowdown, suggesting caution. We have more of a neutral bias as price is in the daily EMA support band whilst rejecting the intraday resistance band. Something has to give for the market to show its hand.

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,460	R1	2,491	2,472	RSI below 50
S2	2,408.5	R2	2,521		
S3	2,397	R3	2,548		

Source Bloomberg

Synopsis - Intraday

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (39)
- Stochastic is below 50
- Price is below the daily pivot point USD 2,491
- The futures held the USD 2,465 support on the open yesterday, but we remained in a corrective phase. The 1-hour technical was in divergence leaving us cautious at these levels, as we were seeing warning signs that the downside move could be exhausting. The futures moved higher but rejected the Fibonacci resistance zone, with the USD 2,460 fractal support looking vulnerable. We remain below all key moving averages with the RSI below 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle above USD 2,491 with the RSI at or above 42 will mean price and momentum are aligned to the buy side. Likewise, a close below this level with the RSI at or below 37.5 will mean it is aligned to the sell side. Upside moves that fail at or below USD 2,521 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. Only above USD 2,548 is the technical bullish. The level has been rejected with price moving lower.
- We are a cautious bear at this point, as a downside move below USD 2,460 will create a positive divergence with the RSI, not a buy signal it does warn that we have the potential to see a momentum slowdown and will need to be monitored.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear	
S1	3,082	R1	3,111.5	Stochastic oversold	RSI below 50	
S2	3,067	R2				3,236
S3	3,019	R3				3,285

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (37)
- Stochastic is oversold
- Price is below the daily pivot point USD 3,138
- Technically bearish on the intraday yesterday. Downside moves below USD 3,082 would create a positive divergence with the RSI, suggesting caution on downside breakouts. A close on the 4-hour candle above USD 3,210 would warn that buyside pressure is increasing, leaving resistance levels vulnerable. A cautious bear, in theory we should look to test the USD 3,082 low, but the potential to diverge could cool the seller's enthusiasm at these levels. The futures moved sideways for the session before coming under light pressure on the Asian open. Price is below all key moving averages supported by the RSI below 50, intraday price and momentum continue to conflict.
- A close on the 4-hour candle below USD 2,138 with the RSI at or below 37 will mean price and momentum are aligned to the sell side. Likewise, a close above this level with the RSI at or above 41.5 will mean it is aligned to the buyside. Upside moves that fail at or below USD 3,285 will leave the futures vulnerable to further tests to the downside. Only above USD 3,391 is the technical bullish.
- Little has changed since yesterday on the technical, we remain bearish with downside moves below USD 3,082 creating a positive divergence with the RSI, suggesting caution on downside breakouts. A close on the 4-hour candle above USD 3,150 will warn that buyside pressure is increasing, leaving resistance levels vulnerable. A cautious bear, we should in theory try and test the USD 3,082 low, but the potential to diverge could keep market sellers on the side-lines as they await better value.

Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	28,505	R1	29,142	RSI above 50	
S2	28,432	R2			
S3	28,187	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA resistance band (Black EMA's)
- RSI is above 50 (55)
- Stochastic is above 50
- Price is below the daily pivot point USD 28,505
- Technically bearish yesterday with the USD 26,740 fractal support looking vulnerable. However, a new low would create a positive divergence with the RSI, suggesting caution on downside breakouts. The futures failed to move lower with price trading above the USD 29,020 resistance, meaning the technical now has a neutral bias. The futures are above the EMA resistance band with the RSI above 50, intraday price and momentum are aligned to the buy side.
- A close on the 4-hour candle below USD 28,505 with the RSI at or below 40.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 27,855 will support a near-term bull argument, below this level we target the USD 27,150 support. Upside moves above USD 30,195 will mean the technical is bullish.
- Technically bearish with a neutral bias, the upside move looks to have been outside the technical, due to the fraud committed against Trafigura, suggesting we could have a supply issue.

Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,081	R1	2,121.5		RSI below 50
S2	2,048.5	R2			
S3	2,029	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (48)
- Stochastic is below 50
- Price is below the daily pivot point USD 2,137
- Technically bearish with a neutral bias yesterday, a strong upside move on the open meant the futures were looking to test a key resistance level, above USD 2,175 would mean the intraday technical had entered bullish territory. The upside move failed to hold, resulting in the futures producing a bearish rejection candle. Price is below the EMA resistance band with the RSI below 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle above USD 2,137 will mean price and momentum are aligned to the buyside. Likewise, a close below this level with the RSI at or below 46 will mean it is aligned to the sell side.
- Technically we are bearish with a neutral bias with the EMA band now flat, indicating a lack of directional bias. Upside moves above USD 2,175 will be bullish, whilst a close on the 4-hour candle below USD 2,097 will warn that support levels are vulnerable.