

US

Bond traders added to wagers that the Federal Reserve will cut interest rates before the end of this year after a report signaled easing inflation pressures.

Swaps linked to Fed meetings reflect an approximately 80% chance of a quarter-point hike next month following consumer-price data released Wednesday, after that probability fell to a little over two-in-three earlier. Swap pricing also showed expectations for the effective fed funds rate in December to be nearly a half point below the current 4.83% level, a deeper degree of easing than anticipated late Tuesday.

Bets on easier policy by year-end did fade from extremes seen earlier in the session, triggering a rebound in Treasury yields as well. Two-year yields were little changed around 4.02% after plunging as much as 15 basis points right after the CPI report. Comments from Richmond Fed President Thomas Barkin contributed to the reversal as he said there was more work to be done to get core inflation down.

“Inflation is still high, but it has peaked and if shelter is turning, some of the pressure on the Fed to keep hiking will decline,” said Priya Misra, global head of rates strategy at TD Securities. (Bloomberg).

Cu

Copper held a four-day rally as the US dollar weakened following softer inflation data, making commodities cheaper to other currency holders.

The greenback declined for a third day after US data showed inflation accelerated slightly below forecasts. Traders also digested the prospect of another interest rate hike by the Federal Reserve next month, which could lead to a further slowdown in the world’s biggest economy.

In China’s copper market, a seasonal demand pickup is fading. Copper-rod producers’ runs may fall to 72.9% of capacity this month after the refined-copper price pullback front-loaded some consumption and boosted runs to 73.8% in March, a three-year high, according to researcher Shanghai Metals Market, citing its survey of the plants.

China’s total exports unexpectedly rose in March, the first gain in six months, in a positive sign for the top metal-consuming economy. Exports jumped 14.8% in US dollar terms last month from a year earlier, while imports declined 1.4%.

Copper rose 0.1% to \$8,927.50 a ton on the London Metal Exchange as of 11:41 a.m. in Shanghai. Other base metals were mainly steady to lower, with nickel down 0.8% and zinc little changed. (Bloomberg)

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	8,901	R1	8,975	RSI above 50	Stochastic overbought
S2	8,891	R2	8,925		
S3	8,879	R3	9,092		

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA Resistance band (Black EMA's)
- RSI is above 50 (53)
- Price is above the daily pivot point USD 8,891
- Stochastic is overbought
- The RSI was neutral with the stochastic in overbought territory yesterday. If the RSI moved below 50 then momentum would be vulnerable to a test to the downside. However, the MA on the RSI did suggest that momentum was supported, meaning momentum indicators were conflicting. Technically we remained bearish below the consolidation zone and key resistance, if the RSI could hold below 50 then we could see support levels be tested. Downside moves that held at or above USD 8,751 would support a near-term bull argument, below this level we target the USD 8,665 fractal support. We did initially see a test to the downside with the futures trading to a low of USD 8,783, meaning support levels held; however, the USD weakened after the US CPI numbers showed that inflation was accelerating at a slower rate, resulting in copper going bid into the close. The futures are above the EMA resistance band with the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 8,891 with the RSI at or below 48 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 8,848 will support a near-term bull argument, below this level we target the USD 8,783 and USD 8,665 fractal support levels.
- Technically bearish but with a neutral bias, the MA on the RSI would suggest that momentum is supported. We are entering a consolidation area that formed in the second half of March, if the futures can trade above and hold above the USD 8,935 level, then the USD 9,092 fractal high has the potential to be tested and broken. We highlight USD 8,935 as it is the most heavily traded area in the last 30 days, making it a natural area of resistance.

Aluminium Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,323.5		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 (45)
- Stochastic is at 50
- Price is below the daily pivot point USD 2,316
- Technically bearish yesterday, the downside moves meant that the positive divergence had failed on the 4-hour intraday technical; however, the MA on the RSI continued to flatten whilst the lower timeframe RSI did have the potential to diverge on a new low. The USD 2,296 low from yesterday did look like it could be tested and broken, but we had momentum indicators warning that the futures were not considered a technical sell at these levels. The futures traded to a new low, found buying support resulting in the futures moving higher. Price is below the EMA resistance band with the RSI below 50, but intraday price and momentum are now aligned to the buy side.
- A close on the 4-hour candle below USD 2,316 with the RSI at or below 47 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 2,343 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. Only above USD 2,371 is the technical bullish.
- We remain technically bearish; however, the upside move yesterday was on the back of a divergence supported by a weakening USD suggesting that USD 2,343 resistance could come under pressure. If it does, then the futures will have a neutral bias. We maintain our view that the futures are not considered a technical sell at this point.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,771	R1	2,784.5		RSI below 50
S2	2,734.5	R2			
S3	2,720	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 is above the daily pivot point USD 2,771
- We remain technically bearish yesterday, but the 4-hour RSI had a minor divergence whilst lower timeframe momentum indicators were warning we had the potential to exhaust soon. Potentially we could trade to around the USD 2,727 level (Based on lower timeframe Elliott wave analysis); however, we maintained our view that the futures were not considered a technical sell at these levels. The futures traded to a low of USD 2,734.5 before finding bid support. Price is below the EMA resistance band with the RSI below 50, but intraday price and momentum are now aligned to the buyside.
- A close on the 4-hour candle below USD 2,771 with the RSI at or below 36.5 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 2,857 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- We remain technically bearish, but the MA on the RSI has started to turn higher implying that momentum could be turning to the buyside. Having signaled that the futures were not considered a sell yesterday due to warnings that the futures were due to exhaust the downside move, price has moved higher. For this reason, we maintain our view that the futures are not considered a technical sell, as resistance levels are now looking vulnerable.

Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear	
S1	23,290	R1	23,465		RSI below 50	
S2	23,141	R2				23,433
S3	22,987	R3				23,643

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA resistance band (Black EMA's)
- RSI is above 50 (52)
- Stochastic is overbought
- Price is above the daily pivot point USD 23,419
- Bearish with a neutral bias yesterday, the MA on the RSI suggested that momentum was supported, whilst the move higher was on the back of a positive divergence. We maintained our view that resistance levels are vulnerable. The current candle was correcting yesterday; however, if we held support and traded above the previous day's high of USD 23,640, then the USD 24,000 fractal high was likely to be tested and broken. The futures traded lower, held support resulting in price trading above the USD 23,640 level. We are lower on the open, but price is above the EMA resistance band with the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour below USD 23,419 with the RSI at or below 49.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 22,778 will support a near-term bull argument, below this level the futures will target the USD 22,335 fractal low.
- Bearish with a neutral bias, the MA on the RSI continues to suggest that momentum is supported. The upside move yesterday above USD 23,460 is now warning that the USD 24,000 fractal high is vulnerable.

Lead Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,127	RSI above 50	Stochastic overbought
S2	R2			
S3	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (54)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,118
- The futures remain technically bearish yesterday with the USD 2,076 support looking vulnerable. However, we were seeing warning signs on lower timeframe Elliott wave analysis that the futures would be back in divergence below USD 2,082, suggesting caution on downside breakouts, as the next move lower had the potential to be the last in this phase of the cycle. The futures did not move lower with price moving higher on the back of the CPI figures, the technical is now bullish. Price is above the EMA resistance band with the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 2,118 with the RSI at or below 46 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 2,101 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the futures have broken resistance with the MA on the RSI starting to turn higher, suggesting momentum is supporting the upside move. The USD 2,154 fractal resistance is now vulnerable.