

China

China has scope to keep monetary and fiscal policy supportive to help strengthen the economy's recovery, a top International Monetary Fund official said.

"China has the policy space to keep monetary policy accommodative because inflation is very much muted," Krishna Srinivasan, the IMF's director for Asia Pacific, told reporters in Hong Kong on Tuesday. "It also has the fiscal space to provide support."

The world's second-largest economy grew at the fastest pace in a year in the first quarter, although more recent data for April shows the recovery may have lost some steam, particularly in manufacturing. Analysts have been debating whether the economy needs more stimulus or if the rebound in growth will prompt policymakers to begin scaling back support. Chinese leaders signaled last week they'll stick to their relatively loose stance for now. (Bloomberg).

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear	
S1	8,483	R1	8,489	Stochastic oversold	RSI below 50	
S2	8,412	R2				8,596
S3	8,341	R3				8,674

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA Resistance band (Black EMA's)
- RSI is below 50 (38)
- Price is below the daily pivot point USD 8,585
- Stochastic is oversold
- We noted last week the futures were technically bearish but in divergence with the RSI. However, intraday Elliott wave analysis suggested that upside moves should be considered as countertrend, as we looked to be on a downside wave extension. The futures did move higher for two days before price rejected the EMA resistance band, the RSI is below 50 with intraday price and momentum aligned to the sell side.
- A close on the 4-hour candle above USD 8,596 with the RSI at or above 44 will mean price and momentum are aligned to the buy side. Upside moves that fail at or below USD 8,834 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, the futures look to potentially be in the early stages of a bearish impulse wave 5; however, confirmation will only come below the USD 8,426 fractal low. Intraday Elliott wave analysis would suggest upside moves should be considered as countertrend, providing we have not traded to a new low, we now have a potential downside target at USD 8,341 for this phase of the cycle. We should note that below USD 8,426, the futures will create a positive divergence with the RSI. Not a buy signal, it is a warning that we have the potential to see a momentum slowdown, which will need to be monitored.

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear	
S1	2,306	R1	2,349.5		RSI below 50	
S2	2,290	R2				2,374
S3	2,273	R3				2,385

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (48)
- Stochastic is above 50
- Price is below the daily pivot point USD 2,363
- Technically bearish last week, the new low meant that we had a minor divergence in play with the RSI, not a buy signal it warned that we had the potential to see a momentum slowdown. However, intraday Elliott wave analysis suggested that we had a potential downside target at USD 2,273 for this phase of the cycle. We were bearish, but due to the divergence we were cautious on this downside move. The futures traded to a low of USD 2,292 before moving higher, the subsequent upside move has broken fractal resistance, meaning the intraday technical is now bullish. A small move lower yesterday means the futures are below the EMA resistance band with the RSI below 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle below USD 2,363 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 will mean it is aligned to the buyside. Downside moves that hold at or above USD 2,324 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the MA on the RSI would suggest that momentum is supported at this point, warning resistance levels remain vulnerable. Key support to follow is at USD 2,324.

Zinc Morning Technical (4-hour)



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 below the daily pivot point USD 2,626
- Technically bearish on the last report with price remaining in a corrective Elliott wave 4, meaning upside moves should be considered as countertrend. Downside moves below USD 2,584.5 would confirm that we are on a bearish impulse wave 5, meaning we had a potential downside target as low as USD 2,457. However, a new low would create a positive divergence with the RSI, not a buy signal it did warn we have the potential to see a momentum slowdown and needed to be monitored. The futures traded at a high of USD 2,705 before moving 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 2,626 with the RSI at or above 43 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 2,777 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- The futures now look to be in a bearish impulse Elliott wave 5 for this phase of the cycle, meaning we now have a potential downside target at USD 2,503. However, as previously highlighted, a new low 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 on a downside breakout which will need to be monitored.

Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	24,620	R1	24,875	RSI above 50	Stochastic overbought
S2	24,289	R2			
S3	24,062	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (58)
- Stochastic is overbought
- Price is above the daily pivot point USD 24,620
- We remained bearish with upside moves considered as countertrend on the last report, making USD 24,136 the key resistance level to follow. The MA on the RSI suggested that momentum remained weak; however, the MA had flattened a little on the move higher the previous day. The futures continued to move higher with the futures breaking intraday fractal resistance, based on price the technical is bullish. The futures are above the EMA support 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 24,620 with the RSI at or below 50 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 23,754 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the upside move has been stronger than anticipated, the MA on the RSI would suggest that near-term momentum is supported. The upside move means the daily technical is now neutral with price trading just above the daily resistance band, but below the 200-period daily EMA at USD 25,124. This is not a very clear technical, as the move higher is supported by momentum, but the daily price is nearing resistance, for this reason we are going to be neutral until a clearer picture develops.

Lead Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,146	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 (53)
- Stochastic is overbought
- Price is below the daily pivot point USD 2,162
- Technically we remained bullish with a neutral bias on the last report, as the dominant bull wave was between the 11/04 and 14/04. Two intraday rejection candles with price opening above the daily pivot point had warned that there was buy-side support in the market. A close on the 4-hour candle above USD 2,120 would suggest that resistance levels could be vulnerable. Likewise, downside moves below USD 2,093.5 would leave the USD 2,082.5 support vulnerable. The futures moved higher with price breaking fractal resistance, we are now above the EMA support band with the RSI above 50, intraday price and momentum are conflicting as price has moved lower overnight.
- A close on the 4-hour candle below USD 2,162 with the RSI at or below 51.5 will mean price and momentum are aligned to the sell side; likewise, a close above this level will mean it is aligned to the buy-side. Downside moves that hold at or above USD 2,120 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish but in a corrective phase, the RSI has made a new high, suggesting that the corrective move we are seeing is potentially countertrend. The MA on the RSI would also suggest that momentum is supported at this point, making USD 2,120 the key level to follow. If broken, it will warn that price action is weakening.