

China

China's consumer inflation slowed to the weakest pace in two years in April while producer prices fell further into deflation, fueling debate about whether more policy stimulus is needed.

The consumer price index rose 0.1% last month from a year earlier, the National Bureau of Statistics said Thursday, reflecting muted domestic demand as well as base effects from last April's Shanghai lockdown. Core CPI, which excludes volatile food and energy costs, was unchanged at 0.7%.

Producer prices fell 3.6% in April as commodity costs softened. The figure was more than March's drop and deeper than economists had expected. (Bloomberg).

Metals

Iron ore retreated below \$100 a ton and copper plumbed its lowest since January after inflation data from China bolstered worries about the state of the world's second-biggest economy.

Consumer inflation in China dropped close to zero in April, while producer prices fell further into deflation, according to the National Bureau of Statistics. The figures added to concerns over a weak demand recovery that have dogged industrial commodities in recent months.

Iron ore futures in Singapore were 3.8% lower at \$99.35 a ton by 3:05 p.m. local time. The steelmaking material has been a major victim of cautious sentiment on China, and is down about 15% this year.

Copper dropped 1.8% in London to \$8,325 a ton (Bloomberg)

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	8,426	R1	8,483.5	Stochastic oversold	RSI below 50
S2	8,412	R2			
S3	8,341	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA Resistance band (Black EMA's)
- RSI is below 50 (43)
- Price is below the daily pivot point USD 8,525
- Stochastic is oversold
- We were technically unchanged yesterday due to the sideways price action. Upside moves were still considered as countertrend based on our wave analysis; however, we remained cautious on downside moves due to the futures having previously formed a base at lower levels. One difference was momentum, which was conflicting. The MA on the RSI suggested momentum was supported, but the RSI was near neutral at 49 whilst the stochastic was overbought. If the RSI held below 50, then momentum suggested that the base support could be tested; likewise, if the RSI moved above 50, then the stochastic was considered as less relevant. Bearish, but lacking directional bias. The futures moved lower, resulting in the RSI moving below 50, price is now below the EMA resistance band whilst price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 8,525 with the RSI at or above 49.5 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 8,824 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish with price testing the base of the support zone. The MA on the RSI would suggest momentum is weakening; downside moves below USD 8,426 will confirm we are on wave 5 of this phase of the cycle, meaning we have a potential to trade down to USD 8,341 (based on the William's method). However, a new low 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 and will need to be monitored.

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,253	R1	2,273.5	Stochastic oversold	RSI below 50
S2	2,217	R2			
S3	2,171	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 2,286
- The futures remained technically bearish yesterday with price below the USD 2,363 resistance, meaning we remained vulnerable to further tests to the downside. However, we had conflicting momentum indicators as the MA on the RSI was turning higher, implying momentum was supported; but the RSI was below 50 with the stochastic in overbought territory, warning we could potentially see another test to the downside if the RSI remained below 50. The technical was vulnerable to a move lower but we remained cautious below USD 2,277.50 as we had the potential to create a second divergence below this level. We noted that if we did make a new low without a divergence in play then market sellers will look to test the USD 2,254 level. The futures have traded below the USD 2,277.50 low with price below the EMA resistance band 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 2,286 with the RSI at or above 46 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 2,323 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 with the USD 2,254 support looking like it could potentially be tested and broken. The new low means that the intraday 4-hour technical is in divergence, suggesting caution. However, lower timeframe wave analysis (48 min chart) is warning that an intraday upside move still has the potential to be countertrend at this point. We are bearish and nearing exhaustion, meaning we remain cautious on downside moves.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,598	R1	2,625.5	Stochastic oversold	RSI below 50
S2	2,580	R2			
S3	2,542	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (44)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,637
- Technically bearish yesterday, intraday Elliott wave analysis continued to suggest that upside moves should be considered as countertrend. However, the MA on the RSI suggested that momentum remained supported in the near-term, implying resistance levels remained vulnerable, making USD 2,777 the key level to follow. We didn't get to test the Fibonacci resistance levels as price rejected the EMA resistance band, the RSI is below 50 with price and momentum aligned to the sell side.
- A close on the 4-hour candle above USD 2,637 with the RSI at or above 51.5 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.
- We remain technically bearish with upside moves still considered as countertrend at this point. The MA on the RSI is now moving lower indicating momentum is weakening, suggesting the USD 2,584 fractal low could be tested and broken; if it is, Intraday Elliott wave analysis would suggest we have potential downside target at USD 2,503.

Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	22,335	R1	22,400	Stochastic oversold	RSI below 50
S2	21,800	R2			
S3	21,145	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (35)
- Stochastic is oversold
- Price is below the daily pivot point USD 22,887
- Bullish with a neutral bias on the previous report, the MA on the RSI implied that momentum remained weak, suggesting the USD 23,100 fractal support was vulnerable. If broken, the intraday technical would be considered bearish. The futures did move lower with support being broken, the technical is now bearish based on the market making a lower low.
- A close on the 4-hour candle above USD 22,887 with the RSI at or above 45 will mean price and momentum are aligned to the buy side. Upside moves that fail at or below USD 23,874 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish with price below all key moving averages. The RSI is making a new low, indicating momentum is weak whilst the lower timeframe Elliott wave cycle would suggest that upside moves should be considered as countertrend at this point, making USD 23,874 the key resistance to follow.

Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,099	R1	2,123.50	RSI above 50	
S2	2,093.5	R2			
S3	2,082.5	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (48)
- Stochastic is above 50
- Price is below the daily pivot point USD 2,134
- Technically we remained bullish with a neutral bias yesterday; however, the upside move remained below our key resistance at USD 2,148, leaving us cautious below this level. The MA on the RSI suggested that momentum was neutral whilst the RSI was at 50 with the stochastic in overbought territory. If the RSI moved below and held below 50, then momentum would suggest the futures would be vulnerable to a test to the downside. Likewise, a close on the 4-hour candle below USD 2,118.50 would imply that momentum based on price was starting to weaken. The EMA's lacked directional bias, as did the daily technical, suggesting this could be one to avoid from a technical perspective. The futures moved higher but the move failed to hold, resulting in the futures closing in the lower end of the days range. 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 below USD 2,134 with the RSI at or below 47 will mean price and momentum are aligned to the sell side. Likewise, a close above this level with the RSI at or above 51.5 will mean it is aligned to the buyside. Upside moves that fail at or below USD 2,148 will leave the futures vulnerable to further tests to the downside, above this level we target the USD 2,174 fractal high.
- We remain technically bullish with a neutral bias; however, flat EMA's, conflicting price and momentum with an RSI near neutral means we lack directional bias.