

China

we expect the People's Bank of China to cut its one-year medium term lending facility rate by 10 basis points to 2.65% in its May operation on Monday.

It would be the first reduction since August 2022, when the PBOC cut by the same amount.

Our view goes against consensus expectations, which point to a hold.

A 10-bp cut is nothing dramatic but it could signal an easing commitment that has outside impact on confidence – key to sustaining a recovery that has been patchy.

Growth clearly needs more support.

Home sales and exports fell in April compared with the prior month. Oil refinery run rates and other high frequency indicators suggest that production also slowed on a month-on-month basis.

Weak inflation opens a window for easing.

Reports the regulators have asked banks to cut deposit rates also hint at a reduction in the policy rate. (Bloomberg).

Copper

Asia's copper industry meets in Hong Kong next week to discuss a market that should be bursting with opportunities after China, the biggest consumer of the metal, called an end to the pandemic restrictions strangling its economy.

The government's pledge to raise economic growth, and an increasingly outsized contribution to demand from its rapid build out of clean energy, have spurred optimism that China's reopening will help offset weaker activity elsewhere in the world. But the reality on the ground is much gloomier as traders seek evidence of a kick-start to consumption that has so far proved elusive in the months since Beijing lifted its Covid Zero curbs.

"Many people in the industry are disappointed by Chinese demand so far this year," said Shen Haihua, a portfolio manager at Hong Kong-based hedge fund Entropy Asset Management Ltd. (Bloomberg)

Al

Aluminum inventories immediately available to withdraw from London Metal Exchange warehouses fell by 132,675 tons, the most since December 2019, according to data from the bourse.

On-warrant stocks down 26% to lowest in 3 months

Drop due to rise in canceled warrants in warehouses in Port Klang, Malaysia

LME aluminum futures trim losses, trade down 0.9% to \$2,248 a ton by 9:12 am in London (Bloomberg)

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	8,110	R1	8,214.5	Stochastic oversold	RSI below 50
S2	7,947	R2			
S3	7,808	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA Resistance band (Black EMA's)
- RSI is below 50 (32)
- Price is below the daily pivot point USD 8,276
- Stochastic is oversold
- Technically bearish with price testing the base of the support zone yesterday. The MA on the RSI suggested that momentum was weakening; downside moves below USD 8,426 would confirm we were 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 warned that we had the potential to see a momentum slowdown and needed to be monitored. The futures traded through the base support to a low of USD 8,136.5, price is below all key moving averages 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 8,276 with the RSI at or above 42.5 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 8,517 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, the RSI was still in divergence, which will need to be monitored; however, the MA on the RSI would suggest momentum remains weak at this point. The strength of the downside move (the move is equal to 100% of the previous wave) is warning that we could potentially be seeing downside wave extension, suggesting upside moves could possibly be countertrend.

Aluminium Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,212	Stochastic oversold	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 (31)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,231
- Technically bearish yesterday with the USD 2,254 support looking like it could potentially be tested and broken. The move below USD 2,277.50 meant that the intraday 4-hour technical was in divergence, suggesting caution. However, lower timeframe wave analysis (48 min chart) warned that an intraday upside move still had the potential to be countertrend. We were bearish and nearing exhaustion, meaning we remained cautious on downside moves. The futures continued to move lower without producing a technical pullback. Price is below all key moving averages 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 2,231 with the RSI at or above 40.5 will mean price and momentum are aligned to the buy side. Upside moves that fail at or below USD 2,292 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- The downside moves has failed to produce a pullback alongside the RSI making a new low would indicate the Elliott wave cycle is extending to the downside. The MA on the RSI would suggest momentum is weak at this point, meaning upside moves should be considered as countertrend.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,598	R1	2,572	Stochastic oversold	RSI below 50
S2	2,580	R2	2,597		
S3	2,542	R3	2,616		

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (34)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,572
- We remained technically bearish yesterday with upside moves still considered as countertrend. 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 was, then Intraday Elliott wave analysis would suggest we have potential downside target at USD 2,503. The futures traded to a new low with price now in divergence. The futures are below all key moving averages 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 2,572 with the RSI at or above 43.5 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 2,642 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 are now in divergence which will need to be monitored; however, the MA on the RSI would suggest that momentum remains weak at this point. Intraday Elliott wave analysis continues to suggest that we have a potential downside target at USD 2,503. Key resistance to follow is at USD 2,642.

Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	21,800	R1	21,955	Stochastic oversold	RSI below 50
S2	21,145	R2			
S3	20,808	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (32)
- Stochastic is oversold
- Price is below the daily pivot point USD 22,030
- Technically bearish with price below all key moving averages yesterday. The RSI was making a new low, indicating momentum was weak whilst the lower timeframe Elliott wave cycle suggested that upside moves should be considered as countertrend, making USD 23,874 the key resistance to follow. The futures continued to move lower, we have seen no intraday pullback at this point. Price remains below all key moving averages 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 22,030 with the RSI at or above 39 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 23,703 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, the MA on the RSI would indicate that momentum remains weak. Having not see an intraday pullback, we maintain our view that upside moves should be considered as countertrend at this point.

Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,099	R1	2,110	Stochastic oversold	RSI below 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 (46)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,116
- Bullish with a neutral bias yesterday, the flat EMA's, conflicting price and momentum and an RSI near neutral mean we lacked directional bias. the futures have moved lower but remain above fractal support levels. 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 2,116 with the RSI at or above 51 will mean price and momentum are 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 bullish with a neutral bias; however, the MA on the RSI would suggest that momentum is weakening, meaning support levels are starting to look vulnerable. USD 2,129 looks to be the most heavily traded level this week making it an area of interest, if we do see upside moves test and reject this level, then it could further weaken a bull argument. likewise, a move above that holds above this level will warn that the USD 2,148 resistance could come under pressure.