

China

The offshore yuan extends drop to the weakest level this year after the People's Bank of China set the daily currency reference rate at a level broadly in line with the average estimate in a Bloomberg survey.

USD/CNH rises 0.2% to 7.0781

The PBOC set the yuan fixing at 7.0560 per dollar, versus the average estimate of 7.0549 in a Bloomberg survey with analysts and traders

Forecasts ranged from 7.0500 to 7.0591 (Bloomberg).

Cu

Copper is spiraling lower as investors increasingly write off the prospects for a decisive economic recovery in China this year.

The metal has been under pressure as a raft of data in recent weeks has showed the post-virus rebound in China, which consumes around half the world's copper, is stuttering. Unlike in previous slowdowns, Beijing is depriving metals of a safety net by not deploying any big-ticket spending on infrastructure or property.

"Metals markets have faced significant pressures after the disappointing April macro data from China, which have acted as a wake-up call to the weak reality on the ground," Citigroup Inc. said a note. (Bloomberg).

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	7,985	R1	8,016.5	Stochastic oversold	RSI below 50
S2	7,888	R2			
S3	7,765	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA Resistance band (Black EMA's)
- RSI is below 50 (33)
- Price is below the daily pivot point USD 8,105
- Stochastic is oversold
- We remained technically bearish with upside moves considered as countertrend yesterday, we noted that we were on an Elliott wave 4, meaning the USD 8,088.5 fractal support remained vulnerable. Wave analysis using the William's approach suggested we had a potential downside target at USD 7,985. However, a new low would create a positive divergence with the RSI, not a buy signal, it warned that we had the potential to see a momentum slowdown on downside breakouts, suggesting caution. The futures have moved lower with price trading to a low of USD 7,988, 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 8,105 with the RSI at or above 40.5 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 8,212 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 have now achieved our downside target with the RSI in divergence. Not a buy signal it does warn that we have the potential to see a momentum slowdown and will need to be monitored. Countering this, the MA on the RSI does suggest that near-term momentum remains weak at this point. A cautious bear due to the divergence.

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,202	R1	2,212.5	Stochastic oversold	RSI below 50
S2	2,176	R2			
S3	2,139	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (36)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,237
- The technically was unchanged from, we remained bearish with a neutral bias. Intraday Elliott wave analysis continued to suggest that support levels were vulnerable, implying upside moves could be countertrend, whilst the MA on the RSI suggested that momentum remained weak. The futures continued to move lower with price trading below near-term support levels, we remain 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 2,237 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 2,276 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- The downside move below USD 2,238 means that the USD 2,202 support is coming under pressure, intraday Elliott wave analysis remains bearish and suggests we have the potential downside target at USD 2,153 for this phase of the cycle. However, a new low will create a positive divergence with the RSI, not a buy signal it will need to be monitored, as it warns that we could potentially see a momentum slowdown.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,273	R1	2,387	Stochastic oversold	RSI below 50
S2	2,221	R2	2,412		
S3	2,195	R3	2,445		

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (24)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,384
- Technically unchanged yesterday, the futures remained in a bearish trending environment but in divergence with the RSI. Not a buy signal, it did warn that we have the potential to see a momentum slowdown and will need to be monitored. For this reason, we remained cautious on downside moves. The futures have moved lower with price below all key moving averages supported by the RSI above 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 2,384 with the RSI at or above 34 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 2,445 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. Only above USD 2,515.5 is the technical bullish.
- Technically bearish, the downside move in the futures has resulted in the RSI is making new lows, meaning the intraday Elliott wave cycle is seeing wave extension. Due to the divergence failure, upside moves should now be considered as countertrend, making USD 2,445 the key resistance to follow.

Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear	
S1	19,910	R1	20,935	Stochastic oversold	RSI below 50	
S2	19,315	R2				22,313
S3	18,719	R3				22,775

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (41)
- Stochastic is oversold
- Price is below the daily pivot point USD 21,149
- We remain in a countertrend Elliott wave 4 yesterday, meaning the USD 20,895 fractal low remained vulnerable. As noted previously, a new low would confirm that we are on a bearish wave 5; however, this would also create a positive divergence with the RSI. Not a buy signal, it would warn that we had the potential to see a momentum slowdown needed to be monitored. The futures have now traded to a new low with price 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 21,149 with the RSI at or above 45.5 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 23,400 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 with the RSI, not a buy signal it is a warning that we have the potential to see a momentum slowdown. However, Elliott wave analysis, using the William's method would suggest we have the potential to trade as low as USD 18,179 for this phase of the cycle.

Lead Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,074.5	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 at 50 (47)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,076
- Technically bearish yesterday, the Elliott wave cycle continued to suggest that we are in a countertrend move, meaning we had the potential to move lower. However, we highlighted that we had a 3-wave pattern higher (low on the 17/05, followed by a pullback and a move higher on the 18/05). The second wave of this move had traded to a high USD 2,099, before moving lower. If we had traded above USD 2,101, then the second wave would have been 161.8% the length of the initial move higher on the 17/05, indicating the move was bullish impulse. We were bearish, but there was a degree of uncertainty in the intraday technical, that would suggest caution going forward at this point, making USD 2,056 the key level to follow. A cautious bear, from a technical point of view, this is probably one to monitor at this point. The futures have move sideways with no directional bias in the intraday move yesterday. 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 2,076 with the RSI at or above 52.5 will mean price and momentum are aligned to the buy side. Upside moves that fail at or below USD 2,107 will leave the futures vulnerable to further testes to the downside, above this level the technical will have a neutral bias.
- Unchanged from yesterday, we remain technically bearish with wave analysis suggesting upside moves should be considered as countertrend. However, we remain cautious based on the second wave higher (as highlighted above), leaving us with a more neutral view.