



Base Morning Technical Report

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China

China's inflation remained close to zero in May, giving the central bank scope to ease monetary policy as calls grow louder for more interest rate cuts to spur the economy's recovery.

The consumer price index rose 0.2% from a year earlier, the National Bureau of Statistics said Friday, in line with forecasts and up from 0.1% in April. Producer prices declined 4.6% on the back of lower commodity prices and weak domestic and foreign demand. Economists had expected a 4.3% decrease (Bloomberg).

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	8,253	R1	8,327	RSI above 50	
S2	8,222	R2			
S3	8,169	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (54)
- Price is below the daily pivot point USD 8,331
- Stochastic is above 50
- Technically bullish but in a corrective phase yesterday, the futures remained above key support but had moved lower on the back of a negative divergence, suggesting caution on upside moves. The futures tested and held the EMA support band, but the following upside move has failed to trade above the USD 8,418 high. Price is above the EMA support band with the RSI above 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle below USD 8,331 with the RSI at or below 53.5 will mean price and momentum are aligned to the sell side. Likewise, a close above this level with the RSI at or above 58 will mean it is aligned to the buy side.
- Technically bullish, the downside move yesterday below USD 8,253 means the futures have a neutral bias. Intraday Elliott wave analysis continues to suggest (based on the William's method) that we have a potential upside target at USD 8,426. However, as the futures have moved lower on the back of a negative divergence with the RSI, we maintain a cautious view. We also note that the daily technical is now testing its EMA resistance band.

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,246	R1	2,259.5	RSI above 50	Stochastic overbought
S2	2,242	R2			
S3	2,226	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA resistance band (Black EMA's)
- RSI is above 50 (54)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,246
- Technically unchanged yesterday, we remained cautious on downside moves as the Elliott wave cycle had potentially completed. The futures have moved higher with price now trading above the EMA resistance band supported by the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 2,246 with the RSI at or below 45.5 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 2,277 will leave the futures vulnerable to further tests to the downside, above this level we target the USD 2,314.5 fractal high.
- We remain technically bearish with the futures below key resistance; however, as previously highlighted, we remain cautious on downside moves as the intraday Elliott wave cycle has potentially completed. We should also note that the futures are now testing the daily intraday resistance band, a natural area of resistance on the higher timeframe that could be respected. For this reason, from a technical perspective the futures have more of a neutral bias.

Zinc Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,400	RSI above 50	Stochastic overbought
S2	R2			
S3	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA resistance band (Black EMA's)
- RSI is above 50 (59)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,396
- The Elliott wave cycle remained bearish yesterday, but the futures continued to move higher with the MA on the RSI suggesting momentum was supported. However, above USD 2,407.5 we have the potential to create a negative divergence on the 1-hour candle. Not a sell signal it would warn that we could see a momentum slowdown on a new high. The futures have traded to a new high, meaning the 1-hour divergence with the RSI is now in play. 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 2,396 with the RSI at or below 55.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 2,299 will support a near-term bull argument, below this level the USD 2,234.50 fractal support will be vulnerable.
- The upside move yesterday above the USD 2,413 level means that the intraday technical now has a neutral bias; however, the intraday wave cycle remains bearish as the peak of the wave 3 is at USD 2,696.5. The 1-hour technical is now in divergence suggesting caution on upside moves. Not a sell signal it is a warning that we have the potential to see a momentum slowdown and will need to be monitored.

Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear	
S1	20,650	R1	21,110		RSI below 50	
S2	20,310	R2				21,840
S3	19,910	R3				22,313

Synopsis - Intraday

Source Bloomberg

- Price is between the EMA resistance band (Black EMA's)
- RSI is below 50 (49)
- Stochastic is below 50
- Price is below the daily pivot point USD 21,206
- We had a neutral bias in the futures yesterday as the futures were in consolidation. We continue to see sideways price action with price between 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 21,206 with the RSI at or above 53 will mean price and momentum are aligned to the buyside. Upside moves above USD 21,840 will mean the technical is bullish.
- Technically neutral supported by flat moving averages and a neutral RSI. With the market being neutral there is less emphasis on price and momentum, as the averages are unlikely to be respect, leaving the futures vulnerable to random price movement due to the lack of trend.

Lead Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,042	RSI above 50	Stochastic overbought
S2	R2			
S3	R3			

Synopsis - Intraday

Source Bloomberg

- Price is between the EMA resistance band (Black EMA's)
- RSI is above 50 (51)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,037
- The futures looked like they were starting to roll over to the downside yesterday. Based on our intraday Elliott wave analysis we remained cautious on upside moves, as the cycle would suggest that support levels remained vulnerable. The futures initially traded lower but held above the USD 2,021 Fibonacci support, resulting in the futures trading back into the Fibonacci resistance band. The RSI is above 50 with price and momentum aligned to the buyside.
- A close on the 4-hour candle below USD 2,037 with the RSI at or below 48 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 2,057 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish based on our Elliott wave analysis, if we do trade above USD 2,057 then the deep pull-back would suggest caution as it would imply that the market remains supported at this point.