S Base Morning Technical Report

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U.S.

Federal Reserve officials paused their series of interest-rate hikes but projected borrowing costs will go higher than previously expected, owing to what Chair Jerome Powell called surprisingly persistent inflation and labor-market strength.

Powell, speaking to reporters in a press conference Wednesday, faced the challenging task of explaining two possibly contradictory policies: deciding to leave rates unchanged following 10 straight hikes while also indicating that at least two more increases might be necessary this year, possibly as soon as July. (Bloomberg).

China

China's central bank ramped up its monetary stimulus to help spur the economy amid signs of a weakening property market, a slump in business investment and record joblessness among young people.

The People's Bank of China lowered the rate on its one-year loans — or medium-term lending facility — by 10 basis points to 2.65%, the first reduction since August. That's likely to prompt banks to lower their lending rates next week.

The widely anticipated move came shortly before official data showed economic activity weakened in May. Growth in industrial output slowed to 3.5% from 5.6% in April, while retail sales grew 12.7%, below expectations. Fixed asset investment by private businesses contracted in the first five months of the year, while property investment deteriorated further (Bloomberg).

Copper

Base metals fell, with copper retreating from the highest close in five weeks, as data from China showed economic activity weakened in May.

Growth in industrial output in the biggest metal consumer slowed to 3.5% from 5.6% in April on a year-on-year basis, while retail sales increased less than expected. Home prices expanded at the slowest pace in four months, damping the outlook for the property sector, a key driver of metal demand.

Right before the data, the People's Bank of China cut the rate on its one-year, medium-term lending facility as part of broader stimulus efforts (Bloomberg).

Copper Morning Technical (4-hour) 78.6%(8645.94) 61.8%(8559.59 50.0%(8498.94) 100.0%(8261.50) 05/17 08:29 End: 06/18 05: 8100 LMCADS03 Comdty - Last Price Close on 05/17 8302. Start on 05/17 11:45 8294.5 8000 EMAVG (3) on Close (LMCADS03) 8430.85 EMAVG (15) on Close (LMCADS03) 8416.71 EMAVG (30) on Close (LMCADS03) 8377.01 EMAVG (60) on Close (LMCADS03) 8325.36 7900 53 847 -40 RSI (LMCADS03) 53.847 -30 Moving Average (LMCADS03) 56.9842 K(12,3) (LMCADS03) 65.8392 \$D(3) (LMCADS03) 79.4378 65.839 19 22 01 12 13

Support		Resistance		Current Price	Bull	Bear
S1	8,352	R1	8,479			
S2	8,318	R2	8,498	8,412	RSI above 50	Stochastic overbought
S3	8,261	R3	8,559			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (53)
- Price is below the daily pivot point USD 8,479
- Stochastic is overbought
- Technically bullish yesterday, the move higher meant we were seeing some form of wave extension. it could have been that it was a wave 5 extension, or the start of a new lower timeframe wave cycle, that would become a higher timeframe wave 3 at some point in the future. It was too early to tell which one it would be; however, what the cycle was suggesting was that intraday pullbacks look like they will be countertrend in the near-term. If we did see a move below USD 8,261.5 it would warn that the upside cycle is potentially completing. The futures moved lower on the open, but support held, resulting in price trading to a new high. We noted on the close report that the futures would be in divergence above USD 8,515 on the 1-hour technical, suggesting caution as we were due a technical pullback. The futures have opened lower with price above the EMA support band whilst the RSI is above 50, intraday price and momentum are now aligned to the sell side.
- A close on the 4-hour candle above USD 8,479 with the RSI at or above 59 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 8,352 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the futures are moving lower on a negative divergence, with the Elliott wave cycle now potentially complete. If we trade below USD 8,384 then there is a high probability that the technical is bearish. We are highlighting key support at USD 8,352 in case there is some form of further wave extension, if this level is broken then the USD 8,261 support could come under pressure, this is the base of the Elliott wave 5.



Support		Resistance		Current Price	Bull	Bear
S1	2,205	R1	2,249			
S2	2,197.5	R2	2,262.5	2,226.5		RSI below 50
S3	2,190	R3	2,277			
Synop	sis - Intraday	·	Source Bloomberg			

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (45)
- Stochastic is above 50
- Price is below the daily pivot point USD 2,249
- We remained neutral again yesterday as the downside Elliott wave cycle looked like it had completed but the futures were below the EMA resistance band on the daily technical, causing confliction. The futures produced a bullish close, but a lower open and a lower low today is now warning that support levels are vulnerable. We are 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 2,249 with the RSI at or above 51.5 will mean price and momentum are aligned to the buyside.
- A weak Asian open is suggesting that support levels are starting to look vulnerable. The technical itself remains neutral; however, a move below USD 2,190 would be bearish, suggesting we are seeing wave extension (a new lower timeframe wave cycle) to the downside. Likewise, a move above and close above USD 2,262.5 will warn that the USD 2,284.5 and USD 2,314.5 resistance levels could be tested.

Zinc Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	2,445	R1	2,515			
S2	2,427	R2	2,541	2,450	RSI above 50	Stochastic overbought
S3	2,407	R3	2,599			
Synone	ic - Intraday					

Synopsis - Intraday

Source Bloomberg

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- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (60)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,445
- The futures continued to prove resilient yesterday with price remaining supported, the technical itself remained bearish with a neutral bias. Above USD 2,515.5 the intraday technical will be bullish based on price; however, the peak of the wave 3 on the Elliott wave cycle was at USD 2,695, only above this level will the wave cycle have failed. We maintained our view that the upside move looked to be a countertrend wave 4 and continued to have a cautious view. The futures moved higher with price above the EMA support band whilst the RSI is above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 2,445 with the RSI at or below 55 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 2,380 will support a near-term bull argument, below this level will warn that the USD 2,324 support is vulnerable.
- This technical is becoming more difficult to read, the longer-term Elliott wave cycle is warning that we are still vulnerable to another move to the downside, meaning the technical is bearish. The strength of the upside move is telling us that although bearish we have more of a neutral bias; however, if we look at the futures on a lower time frame, the price action looks more bullish impulse than bearish on this recant upside move. It is a wave 4, and they are notoriously difficult to read at times. It could be that we will end up with a double 3 wave pattern. We are bearish but maintain a cautious view due to the lack of clarity on the lower timeframe.



Support		Resistance		Current Price	Bull	Bear
S1	22,069	R1	24,445			
S2	21,812	R2	22,775	22,305	RSI above 50	Stochastic overbought
S3	21,464	R3	23,400			
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Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (59)
- Stochastic is overbought
- Price is below the daily pivot point USD 22,468
- Technically bullish yesterday, the RSI was making new highs with the bearish intraday Elliott wave cycle completed. This suggested that downside moves have the potential to be countertrend, making USD 20,725 the key support to follow. The futures continued to move higher yesterday but have corrected on the Asian open. 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 22,468 with the RSI at or below 55 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 21,464 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, based on the RSI making a new high and our intraday Elliott wave cycle, downside moves look like they will potentially be countertrend at this point.

Lead Morning Technical (4-hour)



101 2020			1003	2020	500 2025	
Support		Resistance		Current Price	Bull	Bear
S1	2,079	R1	2,104			
S2	2,066	R2	1,122	2,090	RSI above 50	Stochastic overbought
S3	2,049	R3	2,130			
<u> </u>	- Transformed at a					

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (57)
- Stochastic is overbought
- Price is below the daily pivot point USD 2,104
- We took a more neutral bias on the futures yesterday as the strength of the upside move into the bearish Elliott wave cycle suggested that the probability of the futures trading to a new low was decreasing. We needed to see either a bearish signal or Elliott wave failure. The futures continued to move higher with the technical making a higher high, meaning it is now bullish, the bearish wave cycle has now failed. We have corrected on the Asian open, but price remains above the EMA support band with the RSI above 50, Intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 2,104 with the RSI at or above 62 will mean price and momentum are aligned to the buyside. Downside moves that hold at or above 2,049 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, with the bearish cycle failing whilst the RSI is trading to new highs, it would suggest that downside moves should be considered as countertrend at this point, making USD 2,049 the key support to follow.

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