

China

Chinese banks followed the central bank by lowering their benchmark lending rates on Tuesday, although a relatively modest reduction to the mortgage reference rate disappointed investors.

The one-year and five-year loan prime rates were reduced by 10 basis points each, according to a statement by the People's Bank of China.

While that was in line with the reduction in the PBOC's policy rates last week, some economists had predicted a bigger reduction of 15 basis points in the five-year rate, a reference for mortgages, to support the ailing housing market. (Bloomberg).

Cu

Iron ore and copper fell as a cut in Chinese loan rates disappointed some analysts who had been hoping for more.

Steel-making staple iron ore retreated from its highest close in two months, while copper dropped for a second day.

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Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	8,478	R1	8,501	RSI above 50	
S2	8,448	R2			
S3	8,398	R3			

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 8,541
- Stochastic is below 50
- Technically bullish on the last report, the futures were moving lower on the back of a negative divergence with the RSI, with the Elliott wave cycle having potentially completed. If we traded below USD 8,384 then there was a high probability that the technical was bearish. However, we highlighted key support at USD 8,352 in case there was some form of further wave extension, if this level was broken then the USD 8,261 support could come under pressure, as this was the base of the Elliott wave 5. The futures traded to a low of USD 8,395.5 before moving higher, signalling we were seeing some form of wave extension within the 5th wave, resulting in the futures trading to a high of USD 8,634. The futures are now in a corrective phase with price remaining above the EMA support band, the RSI is above 50 whilst intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 8,541 with the RSI at or above 61 will mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 8,478 will support a bull argument, below this level the technical will have a neutral bias.
- The futures have tested but held the USD 8,478 support at this point. Technically we remain bullish; however, we have a divergence with the RSI on the 4-hour and lower timeframe candles that continue to warn that we have the potential to see a momentum slowdown. The Elliott wave cycle has extended but continues to warn that we are potentially near completion, leaving us a cautious bull at this point.

Aluminium Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,240	Stochastic oversold	RSI below 50
S2	R2			
S3	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (48)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,246
- A weak Asian open on the 15/06 suggested that support levels were starting to look vulnerable. The technical itself remained neutral; however, a move below USD 2,190 would be bearish, suggesting we could see further wave extension (a new lower timeframe wave cycle) to the downside. Likewise, a move above and close above USD 2,262.5 would warn that the USD 2,284.5 and USD 2,314.5 resistance levels could be tested. The futures held support resulting in price trading above USD 2,252.5 and USD 2,284.5 to a high of USD 2,294.5 before correcting. The futures are now below the EMA support 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 2,246 with the RSI at or above 54.5 will mean price and momentum are aligned to the buyside.
- The futures continue to remain in a consolidation phase, indicating the technical is neutral. In terms of the Elliott wave cycle we still look to have completed the bearish cycle; however, as previously highlighted, downside moves below USD 2,190 would suggest we are seeing a wave extension to the downside.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,390	R1	2,419	Stochastic oversold	RSI below 50
S2	2,366	R2			
S3	2,324	R3			

Synopsis - Intraday

Source Bloomberg

- Price is between the EMA support band (Black EMA's)
- RSI is above 50 (49)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,442
- The technical was becoming more difficult to read on the last report, the longer-term Elliott wave cycle warned that we were still vulnerable to another move to the downside, meaning the technical was bearish. The strength of the upside move was telling us that although bearish we had more of a neutral bias; however, if we looked at the futures on a lower time frame, the price action looked more bullish impulse than bearish on the recent upside move. The futures were on an Elliott wave 4 of the higher timeframe which are notoriously difficult to read. We noted that it could be that we would end up with a double 3 wave pattern higher. We were bearish but maintained a cautious view due to the lack of clarity on the lower timeframe. The futures traded to a high of USD 2,520.5 before entering into a corrective phase, price is now in the EMA support band with the RSI near neutral at 49, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 2,442 with the RSI at or above 60.5 will mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 2,390 will support a bull argument, below this level the technical will have a neutral bias.
- The upside move above USD 2,515.5 means the technical is bullish based on price, the longer-term Elliott wave cycle remains bearish with a neutral bias. We now have conflicting momentum indicators, as the MA on the RSI would suggest buyside momentum is weakening; however, the RSI is near neutral at 49 whilst the stochastic is in oversold territory, meaning momentum is warning that the futures could be vulnerable to a test to the upside, if the RSI moves above 50. If the RSI holds below 50 then the oversold stochastic is considered as less relevant. We remain a cautious bear based on the strength of this upside move, downside moves below USD 2,324 will warn that the USD 2,215 fractal low could be vulnerable. Note: the futures are currently rejecting the daily EMA resistance band.

Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	22,062	R1	22,335	RSI above 50	
S2	21,634	R2			
S3	21,297	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (52)
- Stochastic is oversold
- Price is below the daily pivot point USD 22,598
- Technically bullish on the last report, the RSI was making new highs and our intraday Elliott wave cycle warned we had seen a cycle completion, suggesting downside moves looked like they would potentially be countertrend. The futures traded to a high of USD 23,400 before entering into a corrective phase, 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 22,598 with the RSI at or above 62.5 will mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 21,634 will support a bull argument, below this level the futures will have a neutral bias.
- Technically bullish, based on the downside Elliott wave cycle looking like it has potentially completed, followed by the futures and the RSI making new highs, it would suggest that downside moves should in theory be considered as countertrend at this point. Momentum is conflicting as the RSI is above 50 with the stochastic in oversold territory, this is warning that we are vulnerable to a test to the upside, providing the RSI can hold above 50. Countering this, the MA on the RSI does suggest that momentum is weak at this point, making USD 21,634 the key support to follow.

Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,098	R1	2,129	RSI above 50	
S2	2,082	R2			
S3	2,060	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (58)
- Stochastic is below
- Price is on the daily pivot point USD 2,129
- Technically bullish on the last report. With the bearish Elliott wave cycle failing whilst the RSI was trading to new highs, it suggested that downside moves should be considered as countertrend, making USD 2,049 the key support to follow. The futures continued to move higher with price above 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 2,129 with the RSI at or above 64.5 will mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 2,060 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish the current upside wave is greater than 161.8% the previous wave, supporting a bullish impulse phase. The futures are now in divergence with the RSI, warning we have the potential to see a momentum slowdown. However, based on the intraday Elliott wave cycle, the strength of the upside move and the RSI recently making a new high, we maintain our view that downside moves have the potential to be countertrend at this point.

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