

China

Profits at industrial firms in China kept dropping in May, reflecting the impact of soft demand and ongoing factory-gate deflation.

Profits in May were down 12.6% from a year earlier, data published by the National Bureau of Statistics showed Wednesday. For the January-to-May period, profits declined 18.8%, which was somewhat slower than the almost 21% drop in the first four months of 2023.

The sluggish factory data underlines continued economic stresses in China, where the recovery has been flashing warning signs. Exports fell in May for the first time in three months, industrial deflation worsened, and the continued decline in imports underscores how weak domestic demand is. (Bloomberg).

Cu

Copper edged lower with iron ore as sluggish factory data from China laid bare the stalled recovery in the critical commodity user despite a stream of rhetoric from officials that they'll revive growth.

Profits at industrial firms in China were down 12.6% in May from a year earlier, the latest indicator to underscore soft domestic demand. While Premier Li Qiang said on Tuesday the country's growth goal of about 5% is achievable, Beijing has made it clear that any easing will be targeted and measured. (Bloomberg)

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	8,261.5	R1	8,383	Stochastic oversold	RSI below 50
S2	8,246	R2	8,473		
S3	8,140	R3	8,518		

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (41)
- Price is below the daily pivot point USD 8,383
- Stochastic is oversold
- Technically bearish yesterday, the RSI was making new lows whilst the MA on the RSI was indicating momentum was weak, suggesting resistance levels should in theory hold if tested in the near-term, making USD 8,587 the key resistance to follow. The upside move we witnessed in the morning session yesterday rejected the USD 8,473 resistance, resulting in the futures trading to new lows. 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 8,383 with the RSI at or above 45.5 will mean price and momentum are aligned to the buy side. Upside moves that fail at or below USD 8,580 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, the new low yesterday afternoon has created a positive divergence with the RSI, not a buy signal it is warning that we have the potential to see a momentum slowdown and will need to be monitored. If the divergence fails, it will have further bearish implications going forward.

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,180	R1	2,188	Stochastic overbought	RSI below 50
S2	2,146	R2			
S3	2,100	R3			

Source Bloomberg

Synopsis - Intraday

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (45)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,180
- Technically bearish yesterday, the downside breakout was indicating we had seen an Elliott wave extension after the consolidation phase, whilst the RSI was making new lows outside of the consolidation zone, suggesting upside moves should be considered as countertrend. The futures traded up to the USD 2,203 resistance yesterday before moving slightly lower this morning. Price is below all key moving averages supported by the RSI below 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 2,180 with the RSI at or below 38.5 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 2,224 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 is below 50 with the stochastic in overbought territory, meaning momentum is warning that we are vulnerable to a test to the downside. Countering this, we have closed on the daily candle above the high of the previous days bear candle, implying momentum based on price is supported in the near-term. A conflicting technical; however, the intraday Elliott wave cycle does suggest that upside moves should still be considered as countertrend, suggesting caution on moves higher.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,324	R1	2,397		RSI below 50
S2	2,293	R2	2,420		
S3	2,245	R3	2,438		

Synopsis - 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 2,367
- Technically bullish with a neutral bias yesterday, as the futures had held above the USD 2,324 support, our longer-term Elliott wave analysis continued to suggest that upside moves should be considered as countertrend, making USD 2,420 the key resistance to follow. The futures traded up to but rejected the USD 2,397.5 resistance resulting in a small move lower. Price is below the EMA resistance band with the RSI below 50, intraday price and momentum are conflicting.
- A close on the 4- hour candle below USD 2,367 with the RSI at or below 41 will mean price and momentum are aligned to the sell side; likewise, a close above this level will mean it is aligned to the buy side. Upside moves that fail at or below USD 2,420 will leave the futures vulnerable to further tests to the downside, above this level the USD 2,470 fractal resistance could be tested.
- Technically unchanged, we remain bullish with a neutral bias based on price, but the Elliott wave cycle suggests that upside moves are countertrend. The MA on the RSI is flat, implying sell side momentum is slowing; however, upside moves will be into the daily EMA resistance band, suggesting caution.

Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear	
S1	20,247	R1	20,615		RSI below 50	
S2	19,951	R2				20,850
S3	19,531	R3				21,058

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (39)
- Stochastic is oversold
- Price is below the daily pivot point USD 20,703
- Technically bearish yesterday, the MA on the RSI was starting to flatten, implying sell side momentum was slowing down; however, the RSI was making new lows, suggesting resistance levels should in theory hold if tested in the near-term. The futures traded up to the USD 20,850 resistance before moving lower on the Asian open, price is below all key moving averages supported by the RSI below 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle above USD 20,703 with the RSI at or above 40.5 will mean price and momentum are aligned to the buy side; likewise, a close below this level with the RSI at or below 36 will mean it is aligned to the sell side. Upside moves that fail at or below 21,058 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically unchanged from yesterday; however, we now have the potential to create a positive divergence on a move below USD 20,200. Not a buy signal it does warn that we could see a momentum slowdown on a downside breakout, suggesting caution, as it will need to be monitored.

Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,064.5	R1	2,112		RSI below 50
S2	2,056.5	R2	2,127	2,092	
S3	2,048	R3	2,147		

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (44)
- Stochastic is below 50
- Price is on the daily pivot point USD 2,094
- Technically bearish in the previous report, the MA on the RSI suggested that momentum remained weak whilst the RSI was making new lows, implying upside moves would potentially be countertrend in the near-term. The futures moved higher but have rejected the EMA support band, resulting in price trading back to yesterday morning's levels. We remain below all key moving averages supported by the RSI below 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle below USD 2,094 with the RSI at or below 41 will mean price and momentum are aligned to the sell side. Likewise, a close above this level with the RSI at or above 45.5 will mean it is aligned to the buyside. Upside moves that fail at or below USD 2,147 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 suggest that momentum remains weak; however, there are signs that it has started to flatten, implying sell side momentum is slowing a little. The recent low with the RSI would suggest that upside moves will potentially be countertrend in the near-term.