

China

China may need to dig deeper into its policy kit to arrest a slide in the yuan, if it is serious about quashing pessimism toward the managed currency.

The People's Bank of China set a stronger-than-expected reference rate for a third time this week on Thursday, but it failed to prevent the yuan from extending a seven-month low. The currency has come under increasing pressure against the dollar amid mounting evidence the country's economic recovery will be slower than anticipated and any stimulus modest.

While the so-called currency fixing is a straightforward and cost-free tool for the PBOC to guide expectations, it can lose its punch amid extreme bearish sentiment. If a string of stronger fixes fails to halt the yuan's rout to Beijing's satisfaction, it may choose to deploy more aggressive measures such as loosening dollar liquidity and adding capital curbs. (Bloomberg).

Cu

Copper held near the lowest level in more than three weeks as hawkish comments from Federal Reserve Chair Jerome Powell capped risk appetite.

The rally for base metals at the start of the year has faded this quarter as investors weigh risks of a global recession amid central banks' tightening and the disappointing recovery in China's economy.

Copper on Wednesday closed at the lowest level since June 2 as a decline in Chinese industrial profits and a surge in the dollar overrode hopes for fresh stimulus from Beijing. Markets have boosted bets on more US central bank hikes this year after Powell on Wednesday said policymakers could potentially raise interest rates in July and September.

"Copper prices faces downward pressure" on weakness from the macro side, Jinrui Futures Co. said in a note. Investors will also be monitoring low inventories for the metal, which may support prices, it added.(Bloomberg)

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	8,183	R1	8,244.5	Stochastic oversold	RSI below 50
S2	8,105	R2			
S3	8,006	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA Resistance band (Black EMA's)
- RSI is below 50 (37)
- Price is below the daily pivot point USD 8,276
- Stochastic is oversold
- Technically bearish yesterday, the new low previously had created a positive divergence with the RSI, not a buy signal it warned that we had the potential to see a momentum slowdown and needed to be monitored. If the divergence failed, it would have further bearish implications going forward. The futures continued to move lower with price below the EMA resistance band (the averages have now crossed to the downside). The RSI is below 50 with price and momentum aligned to the sell side.
- A close on the 4-hour candle above USD 8,276 with the RSI at or above 43 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 8,382 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish the divergence has failed; however, we now have a three-wave corrective pattern that has traded below the 61.8% Fibonacci extension, suggesting caution. This could still only be part of the wave A (could also be A, B, C but too early to tell) correction; however, it is warning that the move is starting to look a little overextended, suggesting caution.

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,146	R1	2,166		RSI below 50
S2	2,100	R2			
S3	2,042.5	R3			

Source Bloomberg

Synopsis - Intraday

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (41)
- Stochastic is below 50
- Price is below the daily pivot point USD 2,183
- Technically bearish on the last report, the RSI was below 50 with the stochastic in overbought territory, meaning momentum warned that we were vulnerable to a test to the downside. Countering this, we had closed on the daily candle above the high of the previous days bear candle, implying momentum based on price was supported in the near-term. A conflicting technical; however, the intraday Elliott wave cycle did suggest that upside moves should still be considered as countertrend, suggesting caution on moves higher. The futures did trade to the high of the EMA resistance band, but the move was rejected, resulting in price moving lower for the remainder of the session. The RSI is below 50 with price and momentum aligned to the sell side.
- A close on the 4-hour candle above USD 2,183 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 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 futures are following the momentum warning from yesterday with a move lower, in line with our intraday Elliott wave analysis, suggesting the USD 2,142.5 fractal low is starting to look vulnerable. key resistance remains unchanged at USD 2,244.

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 (46)
- Stochastic is above 50
- Price is below the daily pivot point USD 2,367
- Technically unchanged yesterday, we remained bullish with a neutral bias based on price, but the Elliott wave cycle suggested that upside moves were countertrend. The MA on the RSI was flat, implying sell side momentum was slowing; however, upside moves will be into the daily EMA resistance band, suggesting caution. The futures tested the downside before closing the day unchanged, price remains below the EMA resistance band with the RSI below 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle above USD 2,376 will mean price and momentum are aligned to the buyside; likewise, a close below this level with the RSI at or below 43 will mean it is aligned to the sell 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.
- A Doji star yesterday signaled indecision in the market alongside an inside day candle pattern. We remain bullish with a neutral bias but maintain a view based on the Elliott wave cycle that upside moves are potentially countertrend.

Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	19,951	R1	20,075	Stochastic oversold	RSI below 50
S2	19,531	R2			
S3	18,995	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (35)
- Stochastic is oversold
- Price is below the daily pivot point USD 20,261
- Technically unchanged yesterday; however, we had the potential to create a positive divergence on a move below USD 20,200. Not a buy signal, it did warn that we could see a momentum slowdown on a downside breakout, suggesting caution, as it will need to be monitored. The futures traded down to the USD 19,951 Fibonacci support with price currently holding around this level. 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 2,261 with the RSI at or above 39.5 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below 20,545 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 remain in divergence with the RSI, not a buy signal it is warning we have the potential to see a momentum slowdown and will need to be monitored, for this reason we remain cautious on downside moves at this point.

Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,064.5	R1	2,081	Stochastic oversold	RSI below 50
S2	2,051	R2	2,112		
S3	2,036	R3	2,127		

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (41)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,081
- Technically bearish yesterday, the MA on the RSI suggested that momentum remained weak; however, there were signs that it had started to flatten, implying sell side momentum was slowing a little. The recent low with the RSI would suggest that upside moves will potentially be countertrend in the near-term. We did move lower yesterday but have failed to trade below the USD 2,064.5 fractal support. Price remains 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 2,081 with RSI at or above 45.5 will mean price and momentum are 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 continues to flatten whilst it looks like we could create a positive divergence with the RSI below USD 2,064.5. Not a buy signal, it is a warning that we have the potential to see a momentum slowdown which will need to be monitored. A move below USD 2,064.5 will target the USD 2,036 support in the near-term, as this is the 61.8% Fibonacci projection level.