

China

It was meant to be the year China's economy, unshackled from the world's strictest Covid-19 controls, roared back to help power global growth.

Instead, halfway through 2023, it's facing a confluence of problems: Sluggish consumer spending, a crisis-ridden property market, flagging exports, record youth unemployment and towering local government debt. The impact of these strains is starting to reverberate around the globe, impacting everything from commodity prices to equity markets. The risk of Fed hikes tipping the US into recession has also heightened the prospect of a simultaneous slump in the world's two economic powerhouses. (Bloomberg).

Al

Aluminum is on course to become the worst-performing industrial metal this month and risks falling further in the second half as Chinese smelters ramp up production.

Heavy rainfall in the southwestern Yunnan province, a key hub for the energy-intensive metal, is filling up hydro dams and easing a power shortage that was crimping output.

Smelters there aim to restart 1.4 million tons of annual capacity by August, of around 2 million tons that was idled, Chinese industrial news portal Baiinfo said this week.

The fresh supplies will coincide with a seasonal lull in demand over the summer, which looks set to be more pronounced than usual this year due to China's flagging post-virus recovery. Manufacturing activity contracted again in June, data showed this week, while the housing rebound has fizzled. (Bloomberg)

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear	
S1	8,021	R1	8,249.5	Stochastic oversold	RSI below 50	
S2	8,183	R2				8,305
S3	8,105	R3				8,358

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA Resistance band (Black EMA's)
- RSI is below 50 (41)
- Price is above the daily pivot point USD 8,201
- Stochastic is oversold
- Technically bearish yesterday with the divergence failing. We had a three-wave corrective pattern that had traded below the 61.8% Fibonacci extension, suggesting caution. This could still have only be part of the wave A (it could also be A, B, C but too early to tell) correction, what it did warn was that the futures were looking a little overextended as price (at the time) was trading around the 61.8% support. The futures continued to move lower with price trading down to USD 8,141; however, we remained cautious on the close report last night as price was 3.2% below the 60-period EMA. We have opened with buy-side support in Asia with price nearly 1% higher, erasing yesterday's losses. The futures remain below the EMA resistance band with the RSI below 50, intraday price and momentum are aligned to buy-side.
- A close on the 4-hour candle below USD 8,201 with the RSI at or below 35.5 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 8,358 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, we look to be mean reverting back to the EMA resistance band, making USD 8,358 the key resistance to follow. It is still unclear if this is an A, B, C correction, or a 3 wave lower that is part of a larger corrective cycle. Above USD 8,470.5 the technical is bullish based on Price; however, upside moves that fail at or below USD 8,517 will warn that there is potentially a larger corrective cycle in play.

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,164	R1	2,166.5		RSI below 50
S2	2,146	R2			
S3	2,100	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (43)
- Stochastic is oversold
- Price is above the daily pivot point USD 2,164
- Technically bearish yesterday, the futures were following the momentum warning from the previous day, which had resulted in a move lower, in line with our intraday Elliott wave analysis, suggesting the USD 2,142.5 fractal low was starting to look vulnerable. key resistance remained unchanged at USD 2,244. The futures traded to a low of USD 2,148 before finding light bid support on the Asian open, we remain below all key moving averages supported by the RSI below 50, intraday price and momentum are aligned to the buy side.
- A close on the 4-hour candle below USD 2,164 with the RSI at or below 41 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 with upside moves considered as countertrend at this point. Below USD 2,142.5 the futures will create a positive divergence with the RSI, not a buy signal it is a warning that we have the potential to see a momentum slowdown and will need to be monitored.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,350	R1	2,360.5		RSI below 50
S2	2,324	R2			
S3	2,293	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (46)
- Stochastic is below 50
- Price is below the daily pivot point USD 2,367
- A Doji star two days ago signaled indecision in the market, this was followed by an inside day candle pattern yesterday. We remained bullish with a neutral bias but maintained our view based on the Elliott wave cycle that upside moves are potentially countertrend. The futures traded to a low of USD 2,326 before moving higher 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 2,367 with the RSI at or below 43 will mean price and momentum are 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.
- Technically bullish with a neutral bias, our Elliott wave analysis continues to suggest that upside moves look to be countertrend. However, we should highlight that we now have a triple bottom support forming at USD 2,324, signalling the market is supported. This would suggest caution on downside moves until this support is broken with a close that holds below it.

Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear	
S1	20,498	R1	20,615		RSI below 50	
S2	19,951	R2				21,252
S3	19,531	R3				21,662

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (44)
- Stochastic is above 50
- Price is above the daily pivot point USD 20,498
- We were cautious on downside moves yesterday as the futures were in divergence, warning we had the potential to see a momentum slowdown. We did see a move higher in the futures, but we remain below the EMA resistance band with the RSI below 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 20,498 with the RSI at or below 39 will mean price and momentum are aligned to the sell side. Upside moves above USD 20,865 will mean the intraday technical is bullish.
- Technically bearish with a neutral bias, the futures are moving higher on the back of a positive divergence with the RSI with the MA on the RSI starting to turn upward. We do remain below the EMA resistance band; however, if we trade above USD 20,865 then this looks like it could be tested and broken. Downside moves below USD 19,925 will create further divergences with the RSI, suggesting caution on downside breakouts. Resistance levels now look vulnerable.

Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,051	R1	2,059	Stochastic oversold	RSI below 50
S2	2,036	R2			
S3	2,015	R3			

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 2,061
- Technically bearish yesterday, the MA on the RSI continued to flatten whilst it looked like we could create a positive divergence with the RSI below USD 2,064.5. Not a buy signal, it warned that we had the potential to see a momentum slowdown which needed to be monitored. A move below USD 2,064.5 would target the USD 2,036 support in the near-term, as this is the 61.8% Fibonacci projection level. The futures have traded to a new low with price holding above the USD 2,051 support. Price is below all key moving averages supported by the RSI below 50, intraday price and momentum are conflicting, as the opening candle closed above the daily pivot point.
- A close on the 4-hour candle above USD 2,061 with the RSI at or above 43 will mean price and momentum are aligned to the buy side; likewise, a close below this level will mean it is aligned to the sell side. Upside moves that fail at or below USD 2,091 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 now in divergence with the RSI, it is marginal on the 4-hour technical, but more prominent on the 1-hour. The divergence is warning we could see a momentum slowdown and suggests caution on moves below USD 2,050.