

China

Expansion in China's services industry slowed in June from the previous month, according to a private survey, providing more evidence that the key driver of the country's post-Covid recovery is cooling.

The Caixin China services purchasing managers' index declined to 53.9 from 57.1 in May, Caixin and S&P Global said in a statement Wednesday, the weakest since January and well below the median forecast of 56.2 among economists surveyed by Bloomberg. Any reading over 50 indicates an expansion from the prior month, while a number below that suggests contraction. (Bloomberg).

Cu

Copper and iron ore fell as the latest negative data from the world's top two economies fueled concerns over the demand outlook for industrial metals.

Base metals and iron ore, the key steelmaking ingredient, have been under pressure in recent months amid global recession fears and as China's economic recovery loses steam, underscored by figures on Wednesday that showed the nation's services industry slowed in June from the month before.

Meanwhile, US factory activity dropped to its weakest level in more than three years, with production and new orders data also suggesting a pullback (Bloomberg).

Al

The speedy return of idled Chinese aluminum capacity due to rains filling up hydro reservoirs is putting more pressure on the metal that's been in retreat since late January.

About 15% of production capacity in Yunnan province could be restored this quarter, meaning China's total output may rise 4% from the previous three months, Bloomberg Intelligence said in a note by analyst Yi Zhu. Authorities in the aluminum hub in southwest China had earlier required smelters to sideline 40% of capacity, but higher water levels will see a lot of that come back, she said (Bloomberg).

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear	
S1	8,296	R1	8,334.5		RSI below 50	
S2	8,267	R2				8,368
S3	8,226	R3				8,399
					8,470	

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA Resistance band (Black EMA's)
- RSI is below 50 (48)
- Price is below the daily pivot point USD 8,368
- Stochastic is above 50
- Technically unchanged yesterday, the futures were bearish with a neutral bias. The MA on the RSI suggested that momentum was supported; however, the futures needed to trade above USD 8,470 to be bullish based on price. Key longer-term resistance was unchanged at USD 8,517. Sideways action due to the U.S holiday yesterday, the futures have started to move lower in the Asian day session. Price is below all key moving averages with the RSI below 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 8,368 with the RSI at or above 52 will mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 8,226 will support a near-term bull argument, below this level the USD 8,141 fractal low will be vulnerable.
- Technically bearish with a neutral bias, the RSI is now below its MA which has flattened, warning buyside momentum is now slowing. The futures have rejected the EMA resistance band with price starting to roll over to the sell side, warning support levels are starting to look vulnerable.

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,134	R1	2,155.5		RSI below 50
S2	2,118	R2			
S3	2,092	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (45)
- Stochastic is overbought
- Price is below the daily pivot point USD 2,163
- Technically bearish yesterday, we remained cautious on downside moves due to the futures moving higher on the back of a positive divergence with the RSI. The MA on the RSI had started to turn higher, suggesting we were seeing a slowdown in sell side momentum. Like yesterday, the futures would be bullish on price above USD 2,212, but the Elliott wave cycle remained bearish below USD 2,239 and neutral above. The futures tested the USD 2,173 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 below 2,163 with the RSI at or below 43 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 2,185 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- The longer-term Elliott wave cycle suggests that upside moves are still potentially countertrend. The futures have moved higher on the back of a positive divergence, but not high enough to confirm that we have entered a countertrend wave 4 yet (this is based off oscillators, if we hold around these levels for long enough, we could get confirmation soon as they are lagging indicators). The MA on the RSI continues to suggest that very near-term momentum is supported, but this is conflicting as the RSI is below 50 with the stochastic in overbought territory. If we see a strong move lower from here, we will be looking at wave extension to the downside. From a technical perspective price action is weakening but we remain conscious that a move below USD 2,134 will create a second divergence. Price needs to confirm that we are in a countertrend wave 4, until it does, we remain cautious on downside moves.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,387	R1	2,394.5	RSI above 50	Stochastic overbought
S2	2,324	R2			
S3	2,293	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA resistance band (Black EMA's)
- RSI is above 50 (53)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,387
- Technically unchanged yesterday, we remained bullish with a neutral bias with our Elliott wave analysis continuing to suggest caution on upside moves. However, we needed to close below and hold below the USD 2,324 level for downside continuation, as this has been tested three times previously making it a key support level. The futures moved higher but have rejected the USD 2,420 resistance at this point, price is slightly lower on the Asian open. Price is above the EMA resistance band with the RSI now above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 2,387 with the RSI at or below 49 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. We have a small rejection of this level, but the resistance is still in play.
- Technically bullish with a neutral bias, USD 2,420 is the key resistance to follow; the Elliott wave cycle remains bearish. Like yesterday, we need to see the futures close below and hold below the USD 2,324 level, as this support has now been respected three times. Until we do, we remain cautious on downside moves, leaving us with a more neutral bias for now.

Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	19,951	R1	20,470		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 (45)
- Stochastic is above 50
- Price is below the daily pivot point USD 20,535
- Technically bearish with a neutral bias yesterday, above USD 20,865 the intraday technical would be bullish. Like the previous day, we had a note of caution on downside moves due to the divergence in play. The futures continue to move sideways with price remaining below the EMA resistance band, the RSI is below 50 with intraday price and momentum continuing to conflict.
- A close on the 4-hour candle below USD 20,535 with the RSI at or below 43.5 will mean price and momentum are aligned to the sell side; likewise, a close above this level with the RSI at or above 48 will mean it is aligned to the buy side. Upside moves above USD 20,865 will mean the intraday technical is bullish.
- Technically bearish with a neutral bias, upside moves that fail at or below USD 22,218 will warn that there is potentially a larger corrective cycle in play; however, above USD 20,865 the technical will be bullish based on price, at this point resistance levels will become vulnerable. We remain cautious on downside moves as the futures are likely to create further divergence below USD 19,925.

Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,051	R1	2,089.5		
S2	2,036	R2	2,100		RSI below 50
S3	2,015	R3	2,114.5		

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (48)
- Stochastic is above 50
- Price is below the daily pivot point USD 2,089.5
- We remained bearish with a neutral bias yesterday, but cautious on downside moves due to the move higher on the 30/06 being on the back of a positive divergence with the RSI. Momentum was conflicting a little, as the RSI was below 50 with the stochastic still in overbought territory; however, the MA on the RSI suggests momentum was starting to look supported. For this reason, we had more of a neutral bias. The futures moved sideways for the session with price still below the EMA resistance band, the RSI remains below 50 with intraday price and momentum aligned to the sell side.
- A close on the 4-hour candle above USD 2,089.5 with the RSI at or above 52 will mean price and momentum are aligned to the buyside.
- Technically bearish with a neutral bias, upside moves above USD 2,114.5 will mean we are bullish based on price. However, upside moves that fail at or below USD 2,142 will warn that we potentially have a larger corrective cycle in play, making this a key longer-term resistance to be aware of. The EMA band is flat, as is the MA on the RSI, suggesting there is more of a neutral bias creeping in, as the market looks to establish its next directional move.