



Base Morning Technical Report

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China

China's consumer inflation rate eased to zero in June while factory-gate prices fell further, underlining continued weakness in demand and adding to concerns about the threat of deflation in the economy.

The consumer price index was unchanged last month from a year earlier, the National Bureau of Statistics said Monday. That was lower than expectations of a 0.2% increase in a Bloomberg survey of economists, and compared to May's reading of 0.2%.

Core inflation, which excludes volatile food and energy costs, slowed to 0.4% from 0.6%.

Producer prices fell 5.4% in June, compared with a 4.6% drop in the previous month. Economists had expected a 5% decline. (Bloomberg).

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	8,231	R1	8,327		RSI below 50
S2	8,198	R2			
S3	8,141	R3			

Synopsis - Intraday

Source Bloomberg

- Price is between the EMA Resistance band (Black EMA's)
- RSI is below 50 (49)
- Price is below the daily pivot point USD 8,331
- Stochastic is overbought
- We remained technically bearish with a neutral bias of Friday. The downside move had held the support zone yesterday with price moving higher, suggesting resistance levels could be vulnerable. However, to enter bullish territory we needed to trade above the USD 8,470 fractal high. We noted that upside moves that failed at or below USD 8,517 would warn that there is potentially a larger bearish Elliott wave cycle in play. The futures did move higher with price testing the base of the Fibonacci resistance zone, before moving lower on the Asian open. Price is between the EMA resistance band with the RSI near neutral at 49, intraday price and momentum are aligned to the buy side, as the opening candle closed above the daily pivot point.
- A close on the 4-hour candle below USD 8,331 with the RSI at or below 45.5 will mean price and momentum are aligned to the sell side.
- Having held the USD 8,231 support, we have seen a move higher; however, the futures remain below the USD 8,470 fractal resistance at this point, meaning the technical remains bearish but with a neutral bias. As previously noted, upside moves that reject the USD 8,517 resistance will warn that there is potentially a larger corrective cycle in play. Momentum is conflicting here as the MA on the RSI would suggest momentum support, but the RSI is below 50 with the stochastic in overbought territory, warning we could see a test to the downside if the RSI holds below 50. A close below the dominant bull candle (USD 8,286) will warn the USD 8,231 support could be tested and broken.

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,139	R1	2,160		
S2	2,118	R2	2,173		RSI below 50
S3	2,092	R3	2,212		

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 2,139
- Technically bearish last week, the futures were in divergence with the RSI. Not a buy signal, it was a warning that we had the potential to see a momentum slowdown and needed to be monitored. However, intraday Elliott wave analysis suggested that upside moves were potentially countertrend. The futures did move higher meaning the technical is bearish with a neutral bias; however, we have seen price showing signs it could be rejecting the EMA resistance band in the Asian day session. The RSI is below 50, with price and momentum aligned to the buyside.
- A close on the 4-hour candle below USD 2,139 with the RSI at or below 41.5 will mean price and momentum are aligned to the sell side. The upside move has breached the USD 2,160 resistance, meaning we now have a neutral bias.
- Technically bearish with a neutral bias, the Elliott wave cycle continues to suggest that upside moves look to be countertrend. However, we are still yet to confirm that this upside move has entered the Elliott wave 4 at this point, leaving the technical vulnerable to further wave extension. We still have the divergence in play, suggesting caution on moves lower at this point until we have confirmation that we have entered the wave 4.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,324	R1	2,345		RSI below 50
S2	2,293	R2			
S3	2,245	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (44)
- Stochastic is below 50
- Price is below the daily pivot point USD 2,358
- We maintained a neutral view last week as price had rejected key resistance with the futures continuing to hold above the support zone, this was supported by a flat EMA band that implied a neutral bias. However, our intraday Elliott wave analysis continued to suggest that upside moves look like they had the potential to be countertrend. The futures have rejected the EMA resistance band with price moving lower overnight, the RSI is below 50 with intraday price and momentum aligned to the sell side.
- A close on the 4-hour candle above USD 2,358 with the RSI at or above 49 will mean price and momentum are aligned to the buyside. Upside move that fail at or below USD 2,420 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. Note: we have rejected the upside resistance.
- Technically bearish with price moving lower having rejected key resistance. The intraday Elliott wave cycle continues to suggest that upside moves look to be countertrend, with the USD 2,324 support now starting to look vulnerable. However, this level has held three times, meaning market sellers will want to see a close below that holds below this level to signal downside continuation.

Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	20,440	R1	20,620		RSI below 50
S2	20,249	R2			
S3	19,925	R3			

Source Bloomberg

Synopsis - Intraday

- 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 20,871
- Technically unchanged previously, the MA on the RSI remained supported with the technical in bullish territory. As noted previously, Key resistance was at USD 22,218, if this level was rejected, it would warn that there was a larger corrective cycle in play. The futures came under pressure on Friday resulting in the RSI moving below its MA, which has now started to flatten, warning buyside momentum is weakening. Price is below the EMA resistance 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 20,871 with the RSI at or above 55.5 will mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 20,440 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish the futures have entered a corrective phase with price below the USD 22,218 resistance (longer-term resistance), making USD 20,440 the key near-term support to follow. If we hold, we have the potential to move higher. If support is broken then the pullback will be considered as deep, meaning the probability of the futures trading to a new high will have decreased, leaving the USD 19,925 support vulnerable.

Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,036	R1	2,053		
S2	2,015	R2	2,057		RSI below 50
S3	1,989	R3	2,066		

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (42)
- Stochastic is below 50
- Price is above the daily pivot point USD 2,053
- Technically bearish on Friday, price was in divergence with the RSI, not a buy signal it did warn that we had the potential to see a momentum slowdown and needed to be monitored. The Downside move would suggest that we were seeing some form of Elliott wave extension, this was hard to interpret as the upside move on the 30/06 looked to be to shallow to be a countertrend wave B. The new low would suggest we are perhaps looking at a 5-wave pattern within the initial wave A, if this is the case, we should not trade below USD 2,036 on this move lower (the wave 3 of the wave A cannot be the shortest wave), meaning upside moves would potentially be countertrend. It was not a clear cycle, meaning we are just cautious on downside moves due to the divergence. The futures moved lower creating a divergence, resulting in the downside move being rejected. We remain 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 2,053 with the RSI at or above 44.5 will mean price and momentum are aligned to the buyside. Likewise, a close below this level with the RSI at or below 40 will mean it is aligned to the sell side. Upside moves that fail at or below USD 2,077 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, the downside move has breached the USD 2,036 support. This looks to be a key as it means that the move between USD 2,190 – USD 2,030 is not a 5-wave bearish impulse move, as the wave 3 is the shortest wave. This can only mean that the move higher on the 29-30/06/23 must have been a wave B, meaning the 5-wave pattern lower since then is a wave C. Technically, the futures are not considered a sell at these levels based on the Elliott wave cycle, unless we get confirmation that the wave C is extended into a larger cycle, which we have not had at this point. Resistance levels are now vulnerable.

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