

Metals

Copper retreated from its highest close in 22 months after patchy data on China's economy and a weakening of the yuan.

While China's first-quarter economic growth beat forecasts, the market reaction was downbeat, with analysts flagging weaker details such as lower-than-expected industrial output and retail sales. The Asian nation unexpectedly weakened the daily reference rate for its currency on Tuesday amid a resurgent dollar.

Metals have advanced this year as some improvements in China's economy and the prospect of Federal Reserve rates cuts fueled demand. But there are some signs of weakness, with premiums on copper delivered to China sliding to their lowest level since August, and inventories on the Shanghai Futures Exchange rising.

Copper fell 0.4% to \$9,540 a ton by 11:53 a.m. Shanghai time. Aluminum and zinc prices also retreated.

The softer moves contrast with a volatile Monday for metals, as new US and UK sanctions triggered concerns over supply disruptions. The gains — aluminum notched its biggest intraday advance since 1987 — have eased as traders assess the implications.

The restrictions are likely to prompt some re-ordering of the aluminum trade, but analysts said that the aggregate impact could be muted. The curbs announced Friday won't restrict the vast majority of global trade in metals, and Russian materials are likely to find an alternative home in China or other non-Western markets.

"At the headline level, this should not therefore change global supply-demand balances," Macquarie Group analysts wrote in an emailed note.

Aluminum closed 2.5% higher on Monday, after an intraday jump of 9.4%. The metal traded 0.4% lower at \$2,546 a ton on Tuesday. (Bloomberg)

Copper Morning Technical (4-hour)



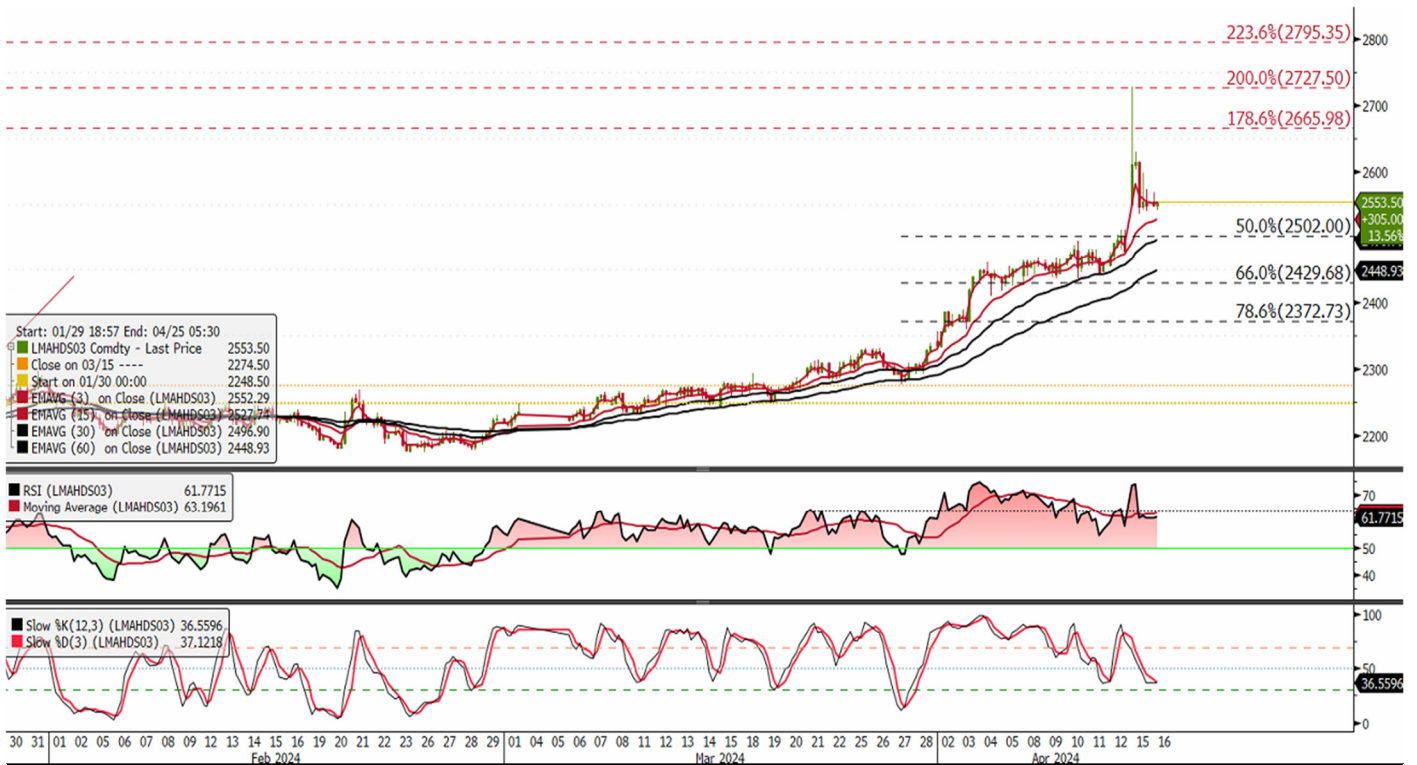
	Support	Resistance	Current Price	Bull	Bear
S1	9,420	R1	9,541	RSI above 50	
S2	9,350	R2	9,582		
S3	9,294	R3	9,684		

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- The RSI above 50 (59)
- Stochastic is above 50
- Price is below the daily pivot point USD 9,541
- Technically bullish yesterday, the futures remained in divergence with the RSI below its MA, implying caution on upside moves. We noted that we had moved lower since the opening spike, if we closed on the daily chart below the weekly pivot level below (USD 9,404) would warn that the USD 9,350 support could be tested and broken. If it was then the probability of the futures trading at a new high would start to decrease. We traded down to but held the weekly pivot level, resulting in the futures testing but failing to make new highs. We are above all key moving averages with the RSI above 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle below USD 9,541 with the RSI at or below 57 will mean price and momentum are aligned to the sell side; likewise, a close above this level will mean it is aligned to the buyside. Downside moves that hold at or above USD 9,350 will support a bull argument, below this level the technical will have a neutral bias.
- Unchanged on the technical this morning. We remain bullish with price holding above the weekly pivot level (USD 9,404), if we close on the 4-hour candle above USD 9,541 the USD 9,640.5 fractal high could be tested and broken. However, as noted previously, a new high will create a negative divergence with the RSI. Not a sell signal, it is a warning that we could see a momentum slowdown, implying caution on upside breakouts.

Aluminium Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,553	RSI above 50	
S2	R2			
S3	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (61)
- Stochastic is below 50
- Price is below the daily pivot point USD 2,603
- Technically bullish yesterday, we noted that the RSI was testing resistance. The technical was a little disjointed due to the outside influences over the previous couple of days, meaning we were seeing Elliott wave extensions to the upside, suggesting downside moves should be considered as countertrend. The RSI rejected its resistance resulting in the futures selling lower, we remain above all key moving averages with the RSI above 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 2,603 with the RSI at or above 65.5 will mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 2,363 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the futures remain in a corrective phase having rejected the RSI resistance yesterday. The minor divergence is warning that we have the potential for further downside within this corrective phase. However, the initial RSI pullback between the 04-11 of April did not result in the RSI moving below 50, this is warning that the downside move is possibly countertrend, making USD 2,429 the key support to follow. If broken, then the probability of the futures trading to a new low will start to decrease.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,728	R1	2,794	RSI above 50	
S2	2,677	R2	2,833		
S3	2,606	R3	2,900		

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (54)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,794
- Technically bullish yesterday, we had seen an Elliott wave extension within the existing cycle, implying downside moves now looked like they could be countertrend, making USD 2,679 the key support to follow. A move below this level would imply that the probability of the futures trading at a new high would start to decrease. As noted last week, the new high meant that the futures were in divergence with the RSI, not a sell signal, it warned that we could see a momentum slowdown and enter a countertrend corrective phase. The futures have move lower due to the divergence with price above but testing the EMA support band. The RSI is above 50 with intraday price and momentum aligned to the sell side.
- A close on the 4-hour candle above USD 2,794 with the RSI at or above 65.5 will mean price and momentum are aligned to the buy side. Upside moves that fail at or below USD 2,833 will warn that there is possibly further downside to come within the corrective phase, above this level the USD 2,897 fractal high will become vulnerable. Likewise, downside moves that hold at or above USD 2,606 will support a bull argument, below this level the technical will have a neutral bias. Note: Fibonacci support has been revised lower due to the wave extension.
- Technically bullish, we maintain our view based on Elliott wave analysis that downside moves look like they will be countertrend at this point, making USD 2,606 the key support to follow. If broken, then the probability of the futures trading to a new high will start to decrease. If we close on the daily candle below the weekly pivot level (USD 2,744), it will warn that sell side pressure is increasing. Momentum is conflicting, as the MA on the RSI is warning of weakness, but the RSI is above 50 whilst the stochastic is oversold. If the RSI holds above 50, momentum is warning we could move higher; however, below 50 the stochastic becomes less relevant.

Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	17,493	R1	17,791	Stochastic oversold	RSI below 50
S2	17,138	R2			
S3	16,535	R3			

Synopsis - Intraday

Source Bloomberg

- Price is between the EMA support band (Black EMA's)
- RSI is below 50 (47)
- Stochastic is oversold
- Price is below the daily pivot point USD 18,320
- Technically bullish yesterday, momentum was conflicting, as the RSI was above 50 whilst the stochastic is oversold, warning we could move higher. However, the new high meant that the technical was in divergence with the RSI, implying caution on upside moves. Although the RSI was above its MA, the average was pointing lower, implying momentum remained weak. For this reason, we were cautious on upside moves. The futures have sold lower with price between the EMA support band, the RSI is below 50 with price and momentum aligned to the sell side.
- A close on the 4-hour candle above USD 18,320 with the RSI at or above 55 will mean price and momentum are aligned to the buy side. Downside moves that hold at or above USD 17,493 will warn that there is potentially a larger bullish Elliott wave cycle in play. Likewise, upside moves that fail at or below USD 18,775 will leave the futures vulnerable to further tests to the downside, above this level the USD 19,355 fractal resistance will be vulnerable.
- Technically bullish but with a neutral bias, the MA on the RSI is warning that momentum is weak, we closed below the weekly pivot level yesterday (USD 18,005), implying sell side pressure is increasing. The USD 17,493 support is now vulnerable, if broken, the probability of there being a larger, bullish Elliott wave cycle in play will start to decrease.

Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,158	R1	2,184	RSI above 50	
S2	2,152	R2			
S3	2,146	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (59)
- Stochastic is above 50
- Price is above the daily pivot point USD 2,174
- Technically bullish yesterday, the futures remained in divergence with the RSI, implying caution on upside moves. Near-term support is at USD 2,129; however, corrective moves lower that hold above USD 2,064 will warn that there is potentially a larger bull cycle in play. We consolidated yesterday before seeing light bid support this morning. Price is above all key moving averages with the RSI above 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle above USD 2,174 with the RSI at or above 60 will mean price and momentum are aligned to the buy side; likewise, close below this level with the RSI at or below 55.5 will mean it is aligned to the sell side. Downside moves that held at or above USD 2,129 will support a bull argument, below this level the technical will have a neutral bias.
- Unchanged today, we remain bullish but in divergence with the RSI, we maintain a cautious view on upside moves at this point.