

## China

China's shock credit contraction is adding pressure on the government to spend more money — and on the central bank to help.

Last month's decline in aggregate financing, the broadest measure of credit, was the first in almost two decades. With private borrowers and local authorities largely tapped out, the central government signaled Monday it's ready to step in with a spending boost. The Finance Ministry said it will start selling the first batch of 1 trillion yuan (\$138 billion) in ultra-long special bonds on Friday, raising funds that can be used for infrastructure investments.

The People's Bank of China has room to lower borrowing costs — and most analysts expect it will, even though that would add downward pressure on the yuan. But monetary easing has so far failed to stem a property slump now in its third year. With home prices falling and the job market weak, households are unwilling to take on more debt however cheap it is to do so. (Bloomberg)

## Cu

Iron ore pared declines and copper extended gains after news China plans to sell 1 trillion yuan (\$138 billion) of ultra-long special sovereign bonds in coming months to raise funds to support the economy.

The central government bonds will cover maturities from 20 to 50 years and the first batch is scheduled for sale on Friday, according to the government. More sales will follow a week later and on June 14, it said.

Iron ore climbed from its lowest in over two weeks after prices were earlier depressed by Chinese data that suggested the economic malaise in the biggest consumer isn't over. Data from the People's Bank of China released on Saturday showed credit in April shrank, the first monthly decline since at least 2017.

The steelmaking ingredient dropped as much as 2.1% to \$113.60 a ton before recovering to trade just 0.2% lower by 11:39 a.m. in Singapore. Iron ore futures in Dalian and steel contracts in Shanghai also pared declines.

Copper rose 0.6% to \$10,060.50 a ton on the London Metal Exchange, extending this year's gain to 18%. Aluminum also trimmed losses to 0.3%, after falling as much as 0.9% to \$2,508 a ton, the lowest level in a month, following a record delivery into LME inventories on Friday.

Aluminum may correct further on the inventory buildup, Chaos Ternary Research Institute said in a note. (Bloomberg).

# Copper Morning Technical (4-hour)

Start: 03/14 14:53 End: 05/21 05:45  
 LMCADS03 Comdty - Last Price 10054.50  
 Close on 11/16 ---- 8220.00  
 Start on 03/14 15:45 8912.00  
 EMAVG (3) on Close (LMCADS03) 10043.82  
 EMAVG (15) on Close (LMCADS03) 9986.92  
 EMAVG (30) on Close (LMCADS03) 9958.55  
 EMAVG (60) on Close (LMCADS03) 9900.66



	Support	Resistance	Current Price	Bull	Bear
S1	10,031	R1	10,054	RSI above 50	Stochastic overbought
S2	9,991	R2			
S3	9,878	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- The RSI above 50 (56)
- Stochastic is overbought
- Price is above the daily pivot point USD 10,031
- Technically bullish on Friday, the futures were moving higher having held the EMA support band. The RSI was above its MA, but the RSI was flat, implying momentum was neutral. We also had a flat EMA band indicating a lack of directional bias. We looked to be forming a symmetrical triangle, a neutral pattern that needed the futures to close outside of and hold outside of the triangle for directional bias. Trend resistance was at USD 10,118 with support at USD 9,858. Our higher timeframe Elliott wave analysis had not confirmed that we have entered a higher timeframe corrective Elliott wave 4, if we broke to the upside, and traded to a new high, it would mean that we were seeing a wave extension within the existing trend. However, we continued to maintain a cautious view on upside moves, as price would be in divergence with the RSI above 10,208. Not a sell signal, it warned that we could see a momentum slowdown. We noted that theoretically, (in a perfect technical world) we should break to the downside; hold above the USD 9,285 level, and then trade to new highs.
- The futures tested trend resistance on Friday and this morning, on both occasions it has been breached, but the futures are currently failing to close above it. We are above all key moving averages with the RSI above 50, intraday price and momentum are aligned to the buy side.
- A close on the 4-hour candle below USD 10,031 with the RSI at or below 51.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or below USD 9,285 will support a longer-term bull argument, below this level the Elliott wave cycle will have a neutral bias.
- The futures remain bullish with price trading continuing to trade within the symmetrical triangle. The MA on the RSI is moving higher implying that momentum is seeing light support at this point. A close above that holds above the USD 10,064 level, will warn that the USD 10,208 fractal resistance could be tested and broken. If it is, the RSI will be divergent, not a sell signal it will warn that we could see a momentum slowdown. This will also signal an Elliott wave extension within the existing trend, meaning we have a potential upside target at USD 10,348. Downside moves are still considered as countertrend, a close on the daily candle below the weekly pivot level (USD 9,992) will warn that sell side pressure is increasing, meaning trend support at USD 10,031 could come under pressure. A close below that holds below this level will suggest we could be entering the higher timeframe corrective Elliott wave 4. Price action is neutral whilst in the triangle.

# Aluminium Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	2,510	2,522	Stochastic oversold	RSI below 50
S2	2,440			
S3	2,386			

## Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (42)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,542
- Technically bullish with downside moves considered as countertrend last week, the futures were testing trend resistance (USD 2,582), if we closed above and held above the resistance line, it would warn that the USD 2,631 level could be tested and broken. If it was, then the probability of the futures trading to a new low would start to decrease, warning the USD 2,688 fractal high could come under pressure. Rejection of the trend resistance, or the USD 2,631 level would imply that the corrective phase could become a more complex one, leaving the futures vulnerable to a move lower. The MA on the RSI was just starting to turn higher, indicating we were starting to see light momentum support.
- The futures rejected the trend resistance, resulting in price trading to a new low. We are 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 2,542 with the RSI at or above 49.5 will mean price and momentum are aligned to the buy side. Downside moves that hold at or above USD 2,440 will support a bull argument, below this level the technical will have a neutral bias. Upside moves that fail at or below USD 2,631 will leave the futures vulnerable to further tests to the downside, above this level the USD 2,688 fractal resistance could be tested.
- Technically bullish but in a corrective phase, the MA on the RSI is flat, implying momentum is neutral. Having rejected the trend resistance (USD 2,578) and traded to a new low, the futures are now in divergence with the RSI. Not a buy signal, it is a warning that we have the potential to see a momentum slowdown, implying caution on downside moves whilst the divergence is in play. A close above that holds above trend resistance will warn that the USD 2,631 level could be tested and broken, if it is, then the probability of the futures trading to a new low will start to decrease. We maintain our view based on Elliott wave analysis that downside moves look like they could be countertrend at this point; however, below USD 2,440 the pullback will be considered as deep, warning that the bullish wave cycle has a higher probability of failing.

# Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,935	R1	2,975	RSI above 50	Stochastic overbought
S2	2,892	R2	2,991		
S3	2,866	R3	3,069		

## Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is at above (55)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,935
- The futures were moving higher on Friday; however, this did not change our analysis on the technical. The RSI was flat, implying momentum is neutral, but the futures had previously moved lower on a positive divergence, and would create further divergences above USD 2,975, implying caution on upside breakouts. Our intraday Elliott wave analysis also suggests caution on upside moves at these levels. Near term price action was bullish, meaning the USD 2,975 resistance is vulnerable, but the overall technical implied caution on moves higher.
- The futures remain supported with price seeing a small move higher. We are above all key moving averages supported by the RSI above 50, intraday price and momentum are conflicting, as the previous candle closed below the daily pivot level.
- A close on the 4-hour candle below USD 2,935 with the RSI at or below 51 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. Downside moves that hold at or above USD 2,831 will support a bull argument, below this level the technical will have a neutral bias.
- Unchanged again today, the MA on the RSI is indicating we are seeing light momentum support, warning the USD 2,975 fractal high remains vulnerable. However, as previously noted, we maintain a cautious view on upside breakouts based on our Elliott wave analysis and further divergences, as the move could struggle to hold.



# Nickel Morning Technical (4-hour)

Start: 03/15 09:45 End: 05/15 16:29  
 LMNIDS03 Comdty - Last Price 18970.00  
 Close on 04/12 ---- 17797.00  
 Start on 03/15 12:00 18060.00  
 EMAVG (3) on Close (LMNIDS03) 18992.25  
 EMAVG (15) on Close (LMNIDS03) 18968.27  
 EMAVG (30) on Close (LMNIDS03) 18967.89  
 EMAVG (60) on Close (LMNIDS03) 18919.63



Support	Resistance	Current Price	Bull	Bear
S1	R1	18,970		Stochastic overbought
S2	R2			
S3	R3			

**Synopsis - Intraday**

Source Bloomberg

- Price is between the EMA support band (Black EMA's)
- RSI is at 50 (50)
- Stochastic is overbought
- Price is below the daily pivot point USD 19,023
- Technically bullish on Friday, we maintained our view that downside moves looked to be countertrend. Intraday price was trading back above the weekly pivot level (this was less relevant as we would have a new pivot on Monday) with the RSI above 50, its MA was still flat implying momentum is neutral. Upside moves above USD 19,505 will warn that the USD 19,775 fractal resistance is vulnerable; likewise, a move below USD 18,336 would imply that the probability of the futures trading to a new high had started to decrease.
- Sideways action on the futures with price trading between the EMA support band. The RSI is neutral at 50 with price and momentum now conflicting.
- A close on the 4-hour candle below USD 19,023 with the RSI at or below 48 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 18,336 will support a bull argument, below this level the technical will have a neutral bias.
- Unchanged on the technical this morning, the MA on the RSI is implying momentum has light bid support; however, the EMA band is flat indicating we latch directional bias. Intraday Elliott wave analysis continues to suggest that downside moves look like they could be countertrend, making USD 18,336 the key support to follow. If broken, then the probability of the futures trading to a new high will start to decrease.

# Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,231	R1	2,237	RSI above 50	
S2	2,222	R2			
S3	2,207	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (55)
- Stochastic is above 50
- Price is above the daily pivot point USD 2,231
- Technically bullish last week, having held the EMA support band, the USD 2,254 fractal high was starting to look vulnerable. However, the MA on the RSI was flat, implying momentum was still neutral, whilst a new high would create further divergences with the RSI. For this reason, although near-term price action is bullish, we maintained our view that the futures are not considered a technical buy at these levels.
- Having traded to a high of USD 2,250 the futures sold lower for the remainder of the session. We are above the EMA support band with the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 2,231 with the RSI at or below 52.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 2,199 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the futures are holding above the EMA support band with price trading above the weekly pivot level (USD 2,228), a close above the is level will warn that the USD 2,254 high could be tested and broken. However, as previously noted, we maintain a cautious view on upside breakouts as price will be divergent with the RSI, warning an upside move could struggle to hold.