

## China

China's manufacturing activity expanded at the fastest rate in almost two years in May, according to a private survey, contrasting with weak official data that dented the country's growth outlook.

The Caixin manufacturing purchasing managers index rose to 51.7 last month from 51.4 in April, slightly above the median forecast of 51.6 by economists in a Bloomberg poll and the highest since June 2022. Any reading above 50 suggests an expansion.

The private survey results compared with China's official manufacturing PMI published Friday showing an unexpected contraction in factory activity last month. The two surveys cover different sample sizes, geographic locations and types of businesses, with the Caixin poll focusing on smaller and export-oriented firms. (Bloomberg)

## Cu

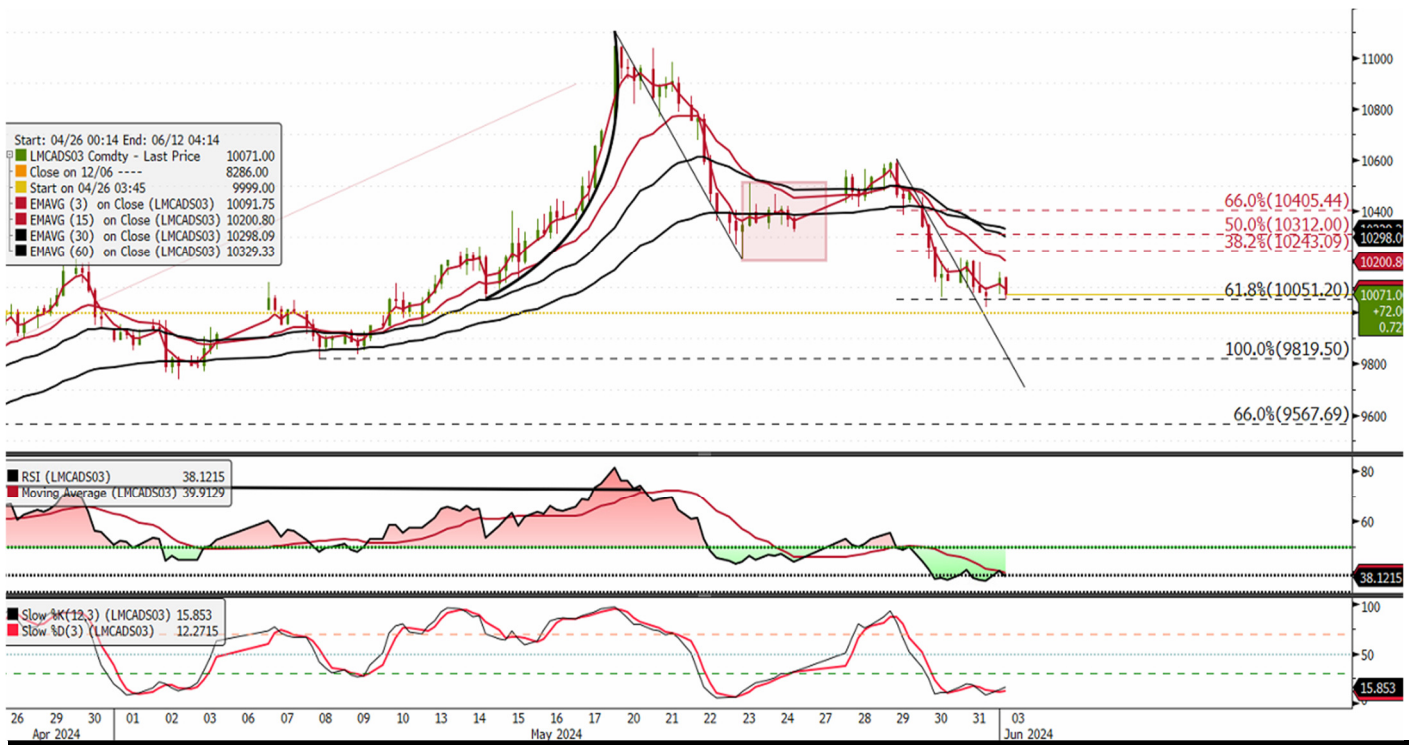
Copper rose from its lowest close in more than three weeks after a private gauge of Chinese factory activity posted its strongest reading in almost two years.

The Caixin China manufacturing purchasing managers index rose 51.7 in May, from 51.4 in April. The results from the survey — which is focused on smaller and export-oriented firms — offered a contrast to a more downbeat reading from the country's official factory index.

Copper hit a record above \$11,000 a ton last month on the London Metal Exchange, but has since retreated as investors focus on lingering signs of demand weakness in China. Inventories of the metal held in Shanghai Futures Exchange warehouses rose to the highest end-of-May volume since at least 1995.

Copper climbed as much as 1.2% on the LME before trading up 0.4% at \$10,080 a ton as of 12:36 p.m. in Shanghai. Aluminum fell 0.4% and nickel and zinc were slightly lower (Bloomberg).

# Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	10,051	R1	10,071	Stochastic oversold	RSI below 50
S2	9,819	R2			
S3	9,567	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- The RSI below 50 (38)
- Stochastic is oversold
- Price is above the daily pivot point USD 10,091
- Technically bullish on the last report (24/05), we had a neutral bias based on the depth of the pullback, the probability of the futures trading to a new high within this phase of the cycle had started to decrease. The MA on the RSI warned that momentum remained weak, but the RSI was approaching its average, if price and momentum became aligned to the buy side we could see resistance levels come under pressure. An intraday bullish rejection candle had been countered by a bearish rejection candle, implying price action is neutral until we see a breakout from the USD 10,210 – USD 10,508 range that had been set.
- The futures broke to the upside but failed to hold above the weekly pivot level (last week), resulting in a rejection of our key resistance at USD 10,800, we have since traded to new lows. We are 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 10,091 with the RSI at or above 42 will mean price and momentum are aligned to the buy side. Downside moves that hold at or above USD 9,567 will support a longer-term bullish Elliott wave cycle. Upside moves that fail at or below USD 10,405 will leave the futures vulnerable to further tests to the downside.
- Bearish based on price with key support for the longer-term Elliott wave cycle at USD 9,567. The MA on the RSI is warning of momentum weakness whilst the futures are below the weekly pivot level (USD 10,221). However, price is starting to find support around the USD 10,051 level, whilst we have the potential to create a positive divergence below USD 10,020, implying caution on downside breakouts at this point. If we close on the daily candle above USD 10,221 it will warn that the USD 10,405 resistance could be tested and broken; if it is, then the probability of the futures trading to a new low will start to decrease.

# Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,615	R1	2,677.5	Stochastic oversold	RSI below 50
S2	2,595	R2	2,687		
S3	2,586.5	R3	2,698		

Source Bloomberg

## Synopsis - Intraday

- Price is below the EMA Support band (Black EMA's)
- RSI is below 50 (45)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,677.5
- Technically bullish but with a neutral bias on the last report (24/05), the probability of the futures trading to a new high had started to decrease. The RSI was neutral at 50 whilst the MA on the RSI warned that momentum was weak; however, if the RSI held above 50 whilst the stochastic was oversold, then the MA on the RSI could come under pressure, as it warned that we could move higher (I.E., momentum was conflicting). The downside move had created an intraday bullish rejection candle off the weekly pivot level and a resistance area that had formed in May. We were neutral due to the pullback, but the candlesticks and technical support implied that we could see a move higher in the near-term.
- The futures did move higher, to the point we broke above key resistance, resulting in the futures trading to new highs; however, we have entered a corrective phase on the back of a negative divergence with the RSI. We are below the EMA support 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 2,677.5 with the RSI at or above 54.5 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 2,703 will leave the futures vulnerable to further tests to the downside, above this level the USD 2,737 fractal resistance will start to look vulnerable.
- Technically bullish, we now have a neutral bias due to the depth of the pullback, the probability of the futures trading to a new high has started to decrease. The MA on the RSI is warning that momentum is weak, implying support levels could come under pressure. However, we have market profile support between USD 2,588 – USD 2,550 (highlighted in the red box), we also have three support zones (highlighted in black circles) just above the market profile that suggest downside moves could struggle to hold in the near-term. We are a cautious bear at these levels as we are approaching support.

# Zinc Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,956	Stochastic oversold	RSI below 50
S2	R2			
S3	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (36)
- Stochastic is oversold
- Price is below the daily pivot point USD 3,003
- A bullish engulfing pattern in the EMA support band, that held above the weekly pivot level resulted in the futures producing a daily Doji candle in the last report on the 24/05. This implied indecision on the higher timeframe within the corrective move lower. If we traded above and held above the USD 3,088 high (an intraday bearish rejection candle), it would warn that resistance levels could come under pressure. The MA on the RSI indicated that momentum remains weak; however, the RSI was testing its average. If price and momentum became aligned to the buy side, it would further support a buyer's argument. We were cautious on downside moves that closed below the low of the engulfing candle (USD 3,011.5), as it would suggest sell side pressure was increasing.
- Having closed above the USD 3,088 level the futures traded up to USD 3,150, meaning we failed to trade above the USD 3,185 fractal high. We are now in a corrective phase with price below the EMA support band whilst the RSI is below 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 3,003 with the RSI at or above 46.5 will mean price and momentum are aligned to the buy side. Downside moves that hold at or above USD 2,903 will support a bull argument, below this level the technical will have a neutral bias. Upside moves that fail at or below USD 3,078 will leave the futures vulnerable to further tests to the downside.
- Technically bearish based on price, the intraday Elliott wave cycle is still in bullish territory. However, we have broken a support zone (red box) and trend support, implying that the technical condition is starting to weaken. We have the weekly 200-period MA at USD 2,946, a close below that holds below this level on the daily candle will warn that the USD 2,903 level could be tested and broken. Conversely, if we hold above this level, it will support a near-term bull argument, making USD 3,078 the key resistance to follow. The RSI is making new lows, whilst the MA on the RSI is implying momentum is weak. The lower timeframe Elliott wave cycle looks like it may have completed, implying we are potentially in a higher timeframe corrective (countertrend) wave 4. The weekly MA suggests we could see the futures supported in the near-term; however, this looks like we have entered a larger corrective phase, indicating there should in theory be further downside within this phase of the cycle. Key longer-term Elliott wave support is at USD 2,672, the cycle is bullish above this level and neutral below. Cautious on downside moves today as the weekly MA is in play.

# Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear	
S1	19,211	R1	19,525	Stochastic oversold	RSI below 50	
S2	18,855	R2				20,006
S3	18,520	R3				20,390

## Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (36)
- Stochastic is oversold
- Price is below the daily pivot point USD 19,865
- Technically bullish on the last report (24/05), the futures were moving higher on the intraday bullish rejection candle with price rolling over to the buy side (rounded bottom), warning resistance levels were starting to look vulnerable in the near-term. If we closed on the 4-hour candle above the weekly pivot level (USD 20,438) it would further support a buyer's argument (4-hour rather than daily, as it was a Friday meaning the weekly pivot would change on the Monday). The MA on the RSI warned that momentum remained weak, meaning we would need to see further upside for the averages to start to flatten to support a longer-term move higher. We were cautious on downside moves that closed below the low of the intraday rejection candle (USD 19,855), as it would suggest that sell side pressure was increasing. Intraday Elliott wave analysis did suggest that moves lower look like they could be countertrend, making USD 19,618 the key support to follow. If broken, then the probability of the futures trading to a new high would start to decrease.
- The futures had a near-term move higher before entering a corrective phase that resulted in the USD 19,618 support being tested and broken. We are below the EMA support 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 19,865 with the RSI at or above 45 will mean price and momentum are aligned to the buy side. Downside moves that hold at or above USD 18,308 will support a longer-term bullish Elliott wave cycle, below this level the cycle will have a neutral bias. Upside moves that fail at or below USD 20,993 will leave the futures vulnerable to further tests to the downside.
- Technically bullish but with a neutral bias, the probability of the futures trading to a new high within this phase of the cycle has started to decrease due to the depth of the pullback, making USD 20,993 the key resistance to follow. If broken, the technical will be back in bullish territory. The MA on the RSI is warning that momentum remains weak; however, the futures have held the USD 19,211 Fibonacci support (USD 19,200 is the most heavily traded area in the last 30 days based on market profile) with price showing a minor divergence, meaning we are cautious on downside moves in the near-term.

# Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,279	R1	2,285		RSI below 50
S2	2,253	R2			
S3	2,233	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (46)
- Stochastic is below
- Price is above the daily pivot point USD 2,279
- Technically bullish but in a corrective phase on the 24/05, the upside move into the close previously was struggling to hold (as highlighted by the candle wicks in the red circle). We also noted that we were yet to close on a 4-hour candle above the high of the last dominant bear candle (USD 2,309), both these signals warned that we remained vulnerable to another move lower at this point. If we did close above the USD 2,309 level, it would signal that buy-side pressure was increasing, which would leave resistance levels vulnerable. As noted previously, the upside move had created a negative divergence with the RSI; not a sell signal, it warned that we could see a momentum slowdown which needed to be monitored. However, corrective moves lower continued to look like they could be countertrend. Near-term price action suggested that we remain vulnerable to another move lower at this point.
- The futures held the EMA support band but failed to trade above the USD 2,359 fractal high (high USD 2,357). Having entered a corrective phase, we are below the EMA support band with the RSI below 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 2,279 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. Downside moves that hold at or above USD 2,233 will support a bull argument, below this level the technical will have a neutral bias. Upside moves that fail at or below USD 2,321 will leave the futures vulnerable to further tests to the downside.
- Technically bullish but in a corrective phase. The MA on the RSI is warning that momentum is weak; however, the RSI is above its average, implying it could be in the process of transitioning. Having traded to a low of USD 2,253 the futures have found support on a bullish rejection candle and positive divergence, warning we could see a test to the upside in the near-term. We are being countered by a bearish rejection candle, meaning we will need to see a close on the 4-hour candle above USD 2,313 to signal upside continuation. Price action is neutral, but we are cautious on downside moves at this point due to the divergence.

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