

## China

China's consumer prices rose less than expected in May and factory prices dropped for the 20th month in a row, fueling concerns over persistently weak demand.

The consumer price index rose 0.3% from a year earlier, the National Bureau of Statistics said Wednesday, hovering above zero for the fourth straight month and comparing to a median forecast of 0.4% in a Bloomberg survey of economists. Factory-gate prices extended a deflation streak that started in late 2022. (Bloomberg)

## Cu

Copper rose from its lowest close in seven weeks as investors waited for a US inflation report and the Federal Reserve's monetary-policy meeting, which may give more clues on the strength of the world's top economy.

The industrial metal has fallen about 10% from last month's record due to worries about a steady increase in global inventories, profit-taking by investment funds and weak Chinese demand.

US monetary policy continues to be the single most critical input for traders in Asia as economists expect Wednesday's May CPI print to give the Fed some additional reassurance that inflation is slowing. That could lead to a central bank pivot to monetary easing later this year.

"Bulls are still in a strong position," said Ji Xianfei, an analyst with Guotai Junan Futures Co. Many funds were expected to keep buying on copper's price dips, he said. (Bloomberg)

# Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	9,808	R1	9,875		
S2	9,654	R2	10,018		RSI below 50
S3	9,567	R3	10,192		

## Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- The RSI below 50 (44)
- Stochastic is below 50
- Price is above the daily pivot point USD 9,808
- Technically bearish yesterday, the MA on the RSI warned that we were continuing to see light momentum weakness, meaning there was a chance that the trend support (USD 9,790) could see another intraday test. A close below that held below this level would further weaken the technical. However, like yesterday, we maintained a note of caution on downside moves due to the divergence and support line, as there was evidence of buyside defence.
- The futures sold lower on the light momentum weakness, resulting in the trend support being breached; however, buyside support in the afternoon session and a move higher on the open has put price back above the trend line (USD 9,807). We are below the EMA support band with the RSI below 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 9,808 with the RSI at or below 37 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 10,018 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. Likewise, downside moves that hold at or above USD 9,567 will support a longer-term bull argument, if broken, then the higher timeframe Elliott wave cycle will have a neutral bias.
- Technically bearish, we had a small bullish candle defending the daily trend line on the 10/06 and downside rejection of the trend line yesterday (it was a lower close). This is warning that sell side momentum is slowing, if we close on the daily candle above USD 9,941 it will imply buyside pressure is increasing. The RSI support held (meaning price also moved higher on the divergence) whilst the MA on the RSI has flattened, indicating we are seeing a momentum slow-down. We maintain a note of caution on downside moves due to the divergence and support line, as there was further evidence of buyside defence around these levels.

# Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,528	R1	2,544.5	Stochastic oversold	RSI below 50
S2	2,489	R2			
S3	2,439	R3			

Source Bloomberg

## Synopsis - Intraday

- Price is below the EMA Resistance band (Black EMA's)
- RSI is below 50 (35)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,554
- Technically bearish yesterday, the MA on the RSI implied that momentum remained weak, whilst lower timeframe Elliott wave analysis suggested that we had the potential for one more test to the downside within this phase of the cycle. However, below USD 2,550 the futures will be divergence with the RSI, implying caution on downside breakouts.
- The futures have sold lower resulting in the USD 2,550 fractal low being broken. 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 2,554 with the RSI at or above 38 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 2,624 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, the MA on the RSI is indicating that momentum is weak; however, the futures are in divergence with the RSI, warning we could see a momentum slowdown. The pullback on the 10/06 and on the open on the 11/06, has not been higher enough for our Elliott wave cycle, meaning intraday upside moves are still considered as countertrend at this point. Due to the divergence, we have a note of caution on downside moves in the near-term.

# Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,758	R1	2,864	2,808	RSI below 50
S2	2,675	R2	2,888		
S3	2,574	R3	2,930		

## Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (39)
- Stochastic is below 50
- Price is above the daily pivot point USD 2,805
- Technically bearish yesterday, the MA on the RSI implied that momentum was neutral. We had traded to a high of USD 2,863 with the futures producing a small-bodied candle, implying buyside pressure had slowed in the Asian day session. However, we are yet to see a verified rejection of the key resistance level (USD 2,864); if broken, then the probability of the futures trading to a new low would start to decrease. A close on the 4-hour candle below USD 2,813.5 will be below the low of the last dominant bull candle (and the daily pivot), warning that sell side pressure was increasing, support levels would then start to look vulnerable. Intraday Elliott wave analysis did suggest that the upside move looks to be countertrend; however, we were dangerously close to key resistance and need to see bearish price action to avoid the technical becoming neutral.
- The futures did move lower to close below the low of the last dominant bull candle; however, we are seeing light bid support this morning. We remain below all key moving averages 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 2,805 with the RSI at or below 33.5 will mean price and momentum are aligned to the sell side; likewise, a close above this level will mean that it is aligned to the buyside. Upside moves that fail at or below USD 2,864 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, the MA on the RSI is flat, implying momentum is neutral with the average now acting as a support to the RSI. Intraday Elliott wave analysis continues to suggest that upside moves look like they will be countertrend, implying the USD 2,737.5 fractal low remains vulnerable. If we do close on the 4-hour candle back above the high of the last dominant bear candle (USD 2,839.5), it will warn that buyside pressure is increasing, meaning we could see the USD 2,864 resistance being tested. If it is broken, then the probability of the futures trading to a new low will start to decrease.

# Nickel Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	18,095		RSI below 50
S2	R2			
S3	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (37)
- Stochastic is at 50
- Price is above the daily pivot point USD 18,035
- Technically bearish yesterday, the MA on the RSI implied that we are seeing light momentum support. The futures were starting to form a base on the back of the positive divergence with the RSI, suggesting caution on downside breakouts below USD 17,860, as they may struggle to hold. Key longer-term resistance is at 20,428, upside moves that fail at or below this level will warn that there is a larger, bearish Elliott wave cycle in play.
- The futures traded to a new low, but the move has failed to hold due to the divergence that is in play. We remain below all key moving averages with the RSI below 50, intraday price and momentum are now aligned to the buyside.
- A close on the 4-hour candle below USD 18,035 with the RSI at or below 30 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 18,488 will leave the futures vulnerable to further tests to the downside.
- Unchanged on the technical today. We remain bearish, but the MA on the RSI is now implying that we have light momentum support. The futures continue to form a base on the back of the positive divergence with the RSI, implying caution on downside breakouts. Key longer-term resistance is at 20,353, upside moves that fail at or below this level will warn that there is a larger, bearish Elliott wave cycle in play.

# Lead Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,180	Stochastic oversold	RSI below 50
S2	R2			
S3	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (37)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,181
- Technically bearish yesterday, the futures had moved higher on the back of the divergence highlighted previously. The upside move into the close had seen a four-hour candle close above the previous 5 candles, indicating buyside support in the market, warning that USD 2,232 resistance could be tested and broken.
- The futures traded to a high of USD 2,222 before selling to new lows. We are 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 USD 2,181 with the RSI at or below 34 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. Upside moves that fail at or below USD 2,223 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, the momentum support and buyside pressure yesterday had warned that resistance levels could be broken; however, this didn't happen as the futures traded to new lows. Price is back in divergence with the RSI, meaning we remain cautious on moves lower at this point.

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