

China

The People's Bank of China unexpectedly lowered the cost of its one-year policy loans by the most since April 2020, acting days after cutting a key short-term rate in a sign of greater support for the slowing economy.

The central bank decreased the rate of the medium-term lending facility by 20 basis points to 2.3%, according to a statement Thursday, the first reduction in almost a year. The cut followed the PBOC's trim of the seven-day reverse repo by 10 basis points on Monday. The monetary authority has recently downplayed the MLF in favor of the short-term rate to guide markets in a way more similar to global peers.

"It is basically a coordinated effort across all the key interest rates to ease monetary policy," said Lynn Song, Greater China chief economist at ING Bank. "It's worth highlighting this round of easing kicked off with the seven-day RR, which may be a signal of its future role as the main policy rate."

China's bond futures edged higher with the yuan after the cut, though the moves were modest. (Bloomberg).

Cu

Copper tumbled — falling below the \$9,000 a ton threshold for the first time since early April — on increasing pessimism on the global, and particularly the Chinese, demand outlook.

The industrial metal is down by around a fifth from a record in mid-May on rising global inventories, weak Chinese consumption, and profit-taking by funds. The LME Metals Index, which tracks six major base metals on the London Metal Exchange, fell to the lowest since early April. (Bloomberg)

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	8,727	R1	8,962	RSI below 50	Stochastic oversold
S2	8,381	R2			
S3	7,943	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- The RSI below 50 (23)
- Stochastic is oversold
- Price is below the daily pivot point USD 9,098
- Technically bearish yesterday, the RSI remained below its average; however, its MA continued to flatten, implying sell side momentum was slowing. Although we continued to move lower, the 1-hour RSI remained in divergence, again implying sell side momentum was slowing, we also had a divergence on the 4-hour timeframe. Intraday Elliott wave analysis suggested that upside moves looked like they would be countertrend. We were unchanged on the technical yesterday, price was in a bearish trending environment; however, due to the divergences in play, we maintained a cautious view on downside moves.
- The futures have seen another move lower, resulting in the 4-hour divergence failing. We are below all key moving averages supported by the RSI below 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 9,098 with the RSI at or above 29.5 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 9,580 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 starting to move lower again. The EMA's continue to remain well spaced implying that the downside trend is stable, whilst intraday Elliott wave analysis is indicating that upside moves should be considered as countertrend. We are trading below the daily 200-period MA (USD 8,984), a close below that holds below the average will further support a seller's argument; however, we have the weekly 200-period MA at USD 8,825 that will need to be monitored. If we see a close above the high of the last dominant bear candle on the daily chart (USD 9,194.5), it will warn that buyside pressure is increasing. The intraday 1-hour RSI is in divergence and will need to be monitored (it has now been in divergence for around USD 400). Focus should be on the daily and weekly 200-period MAs to see where the futures close in relation to the averages.

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,236	R1	2,286.5	Stochastic oversold	RSI below 50
S2	2,172	R2			
S3	2,152	R3			

Source Bloomberg

Synopsis - Intraday

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (25)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,300
- Technically bearish yesterday, the MA on the RSI continued to suggest that momentum remained weak. However, the 1-hour RSI was in divergence with price; not a buy signal, it warned that we could see a momentum slowdown which needed to be monitored, implying caution on downside moves at these levels. Our intraday Elliott wave analysis suggested that upside moves should be considered as countertrend. The daily 200-period MA was still at USD 2,354, making this a near-term area of resistance on the higher timeframe.
- Having moved sideways yesterday the futures have seen a small move lower in the Asian day session, as the markets continue remain in a risk off mode. 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 above USD 2,300 with the RSI at or above 26.5 will mean price and momentum are aligned to the buyside; likewise, a close below this level with the RSI at or below 22 will mean it is aligned to the sell side. Upside moves that fail at or below USD 2,419 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 near-term momentum is neutral. The futures remain in divergence on the 1-and-2-hour timeframes; not a buy signal, it is a warning we could see a momentum slowdown which will need to be monitored. However, intraday Elliott wave analysis is indicating that upside moves should be considered as countertrend. A close above the high of the last dominant bear candle on the daily chart (USD 2,327) will warn the buyside pressure is increasing (based on price), meaning the Fibonacci resistance zone could come under pressure. If we do trade above USD 2,419, 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	R1	2,649	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 (27)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,687
- Technically bearish yesterday, the degree of separation between the averages continued to suggest that the trend remained stable, as did the MA on the RSI on the daily timeframe. However, the MA on the RSI was starting to flatten (4-hour), warning sell side momentum could be slowing down. The new low previously meant that the 1-hour RSI was in divergence with price, also warning we could see a momentum slowdown, whilst we had the daily 200-period MA support at USD 2,646. Intraday Elliott wave analysis implied that upside moves should be countertrend, with the divergence implying caution on downside moves at these levels.
- The futures have sold lower with price finding support/testing the daily 200-period MA (USD 2,646). We remain below all key moving averages supported by the RSI below 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 2,687 with the RSI at or above 30 will mean price and momentum are aligned to the buy side. Upside moves that fail at or below USD 2,877 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, the futures are now at an inflection point as price is testing the daily 200-period MA, implying caution on downside moves at these levels. However, intraday Elliott wave analysis continues to suggest that upside moves should be considered as countertrend at this point, making USD 2,877 the key resistance to follow.

Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	15,260	R1	15,670	Stochastic oversold	RSI below 50
S2	14,624	R2			
S3	13,815	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (22)
- Stochastic is oversold
- Price is below the daily pivot point USD 15,921
- Technically bearish yesterday, the MA on the RSI implied that we had light momentum weakness, whilst our intraday Elliott wave analysis suggested that we had the potential to trade as low as USD 15,260 within this phase of the cycle. Our lower timeframe Elliott wave analysis indicated that intraday upside moves look like they could be countertrend, making USD 17,061 the key resistance to follow. Above this level, the probability of the futures trading to a new high would start to decrease. The 1-hour RSI was still in divergence whilst the 4-hour was testing RSI support, implying caution on downside moves at these levels, as we have the potential to see a momentum slowdown. We cautious bear.
- The futures have sold lower with the 4-hour RSI breaking support; the 1-hour divergence has also failed. We remain below all key moving averages supported by the RSI below 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 15,921 with the RSI at or above 31 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 16,923 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 implying that momentum is weak. Intraday Elliott wave analysis suggest that upside moves should be considered as countertrend. A close on the 4-hour candle above USD 15,845 will warn that buyside pressure is increasing, whilst a close above the high of the last dominant bear candle on the daily chart (USD 16,115) will warn that the Fibonacci resistance zone could come under pressure in the near-term. We maintain our view that we have the potential to test the USD 15,260 support.

Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,028	R1	2,047	Stochastic oversold	RSI below 50
S2	1,966	R2			
S3	1,913	R3			

Source Bloomberg

Synopsis - Intraday

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (30)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,048
- Technically bearish yesterday, the MA on the RSI continued to imply that momentum remained weak, whilst our intraday Elliott wave analysis suggested that upside moves looked like they would be countertrend. The 1-hour RSI was in divergence, warning we could see a momentum slowdown, which needed to be monitored. We highlighted USD 2,028 as an area of interest (support), as this is the 100% projection level of A-B = C-D, an area where market shorts could potentially start looking to cover.
- The futures traded to a low of USD 2,030 before finding bid support. We remain below all key moving averages with the RSI below 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle above USD 2,048 with the RSI at or above 30 will mean price and momentum are aligned to the buy side. Likewise, a close below this level with the RSI at or below 25.5 will mean it is aligned to the sell side. Upside moves that fail at or below USD 2,158 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, the futures are rejecting our USD 2,028 projection level/support, meaning we have the potential to move higher. A close above the high of the last dominant bear candle on the daily chart (USD 2,072) will warn that the Fibonacci resistance zone could come under pressure. However, intraday Elliott wave analysis is indicating that upside moves should be considered as countertrend, making USD 2,158 the key resistance to follow. If broken, then the probability of the futures trading to a new low will start to decrease.

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