Base Morning Technical Report

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(Bloomberg) -- Copper retreated from its highest close since early April after data showed a retreat in China's factory activity, offering a sign of how trade conflict with the US is hitting Asia's biggest economy.
The official manufacturing purchasing managers' index dropped to 49 compared with 50.5 in March. That level was significantly weaker than economists expected, and means manufacturing switched from expansion — above 50 — to contraction as trade tensions spiked this month.
Copper had staged a strong rebound over the past couple of weeks on signs of a significantly tighter market, with China's stockpiles plunging and import premiums surging. Analysts have attributed that to various factors, including a scrap shortage, a demand spurt from the country's solar sector, and the knock-on effect of a rush to ship the metal to the US.
But they've also warned the bump could short-lived. Wednesday's factory data shows how the high-stakes stand-off between Beijing and Washington over tariffs is already starting to bite Chinese factories and threatening prospects for commodities demand.
Copper fell 0.6% to $9,384 a ton by 10:55 a.m. Shanghai time, putting it on course for a loss of more than 3% in April after heavy losses at the start of the month. Aluminum and zinc also fell on the London Metal Exchange.
Meanwhile, China's steel sector is still struggling, and iron ore futures in Singapore are poised for a third monthly decline. Prices dropped 0.4% to $98.10 a ton on Wednesday to be down 2.9% for April. Angang Steel Co., the nation's second-biggest steelmaker, posted its 11th consecutive quarterly loss, although its loss was 67% smaller year-on-year.

Copper Morning Technical (4-hour)

Support		Resistance		Current Price	Bull	Bear
S1	9,369	R1	9,427	9,395	RSI above 50	
S2	9,316	R2	9,464			
S3	9,111	R3	9,499			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- The RSI above 50 (54)
- Stochastic is above 50
- Price is below the daily pivot point USD 9,427
- Technically bearish with a neutral bias yesterday, the futures remained in a consolidation phase between the intra-day—daily 200—period EMA's (USD 9,499—USD 9,317), meaning price action is considered as neutral whilst in range.
- The futures traded above buy failed to hold above channel resistance, resulting in a small move lower. We are above the EMA support band with the RSI above 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 9,427 with the RSI at or above 58 will mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 8,806 will support a bull argument, below this level the technical will be back in bearish territory.
- Unchanged today, we remain technically bearish with a neutral bias, the futures remain in a consolidation phase between the intraday—daily 200—period EMA's (USD 9,500—USD 9,316), meaning price action is considered as neutral whilst in range.

Aluminium Morning Technical (4-hour)

Support		Resistance		Current Price	Bull	Bear
S1	2,455	R1	2,495	2,462.5	RSI above 50	Stochastic overbought
S2	2,425	R2	2,557			
S3	2,405	R3	2,607			

Source Bloomberg

Synopsis - Intraday

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (59)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,455
- Unchanged on the technical yesterday, we remained bearish with the MA on the RSI implying that we had light momentum weakness. The futures remained above polarity support (USD 2,425—2,415), a close below that held below this area would warn that Fibonacci support levels could be tested and broken. Whilst above the polarity support, we were cautious on downside moves at these levels, if the 4-hour candle closed above the high of the last dominant bear candle (USD 2,439) it would imply that intraday buyside pressure was starting to increase, meaning we could look to test the USD 2,468 fractal resistance. As noted previously, our Elliott wave analysis did continue to suggest that upside moves should be considered as countertrend.
- The futures closed above the USD 2,439 level resulting in price trading to a high of USD 2,471.5 before seeing a light pullback on the Asian open. 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 2,455 with the RSI at or below 54.5 will mean price and momentum are aligned to the sell side. Upside moves that fail at or above USD 2,557 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, our Elliott wave analysis continues to suggest that upside moves should be considered as countertrend, making USD 2,557 the key resistance to follow. A move above this level will mean that the probability of the futures trading to a new low will start to decrease. The upside move to a new high yesterday has created a minor negative divergence with the RSI, not a sell signal, it is a warning that we could see a momentum slowdown, this needs to be monitored. If price and momentum become aligned to the sell side, then we could see polarity support (USD 2,425—USD 2,415) come under pressure. The divergence and Elliott wave cycle means we remain cautious on upside moves, as the technical suggests that they could struggle to hold.

Zinc Morning Technical (4-hour)

Support		Resistance		Current Price	Bull	Bear
S1	2,635	R1	2,653	2,650.5		
S2	2,612	R2	2,690			
S3	2,581	R3	2,710			

Source Bloomberg

Synopsis - Intraday

- Price is between the EMA resistance band (Black EMA's)
- RSI is at 50 (50)
- Stochastic is below 50
- Price is below the daily pivot point USD 2,653
- Technically bearish yesterday, the MA on the RSI implied we had light momentum weakness. The futures continue to trade at the top of the Fibonacci support zone; we noted that if we held above the USD 2,581 level, it would support a near-term bull argument; likewise, below this level would suggest that the USD 2,515.5 fractal support could be tested and broken. Conversely, upside moves that rejected the USD 2,690 resistance will warn of technical weakness. We maintained our view based on Elliott wave analysis that upside moves should in theory be countertrend, making USD 2,752 the key resistance to follow. If broken, then the probability of the futures trading to a new low will start to decrease.
- Sideways action yesterday, price is between the EMA support band with the RSI neutral at 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle above USD 2,653 with the RSI at or above 52.5 will mean price and momentum are aligned to the buyside; likewise, a close below this level with the RSI at or below 48 will mean it is aligned to the sell side. Upside moves that fail at or below USD 2,752 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Unchanged on the technical today, we remain bearish with the MA on the RSI now flat, implying momentum is neutral. The futures continue to hold above the top of the Fibonacci support zone; if we hold above the USD 2,581 level, it will support a near-term bull argument; likewise, below this level will suggest that the USD 2,515.5 fractal support could be tested and broken. Conversely, upside moves that reject the USD 2,710 resistance will warn of technical weakness. We maintain our view based on Elliott wave analysis that upside moves should in theory be countertrend, making USD 2,752 the key resistance to follow. If broken, then the probability of the futures trading to a new low will start to decrease.

Nickel Morning Technical (4-hour)

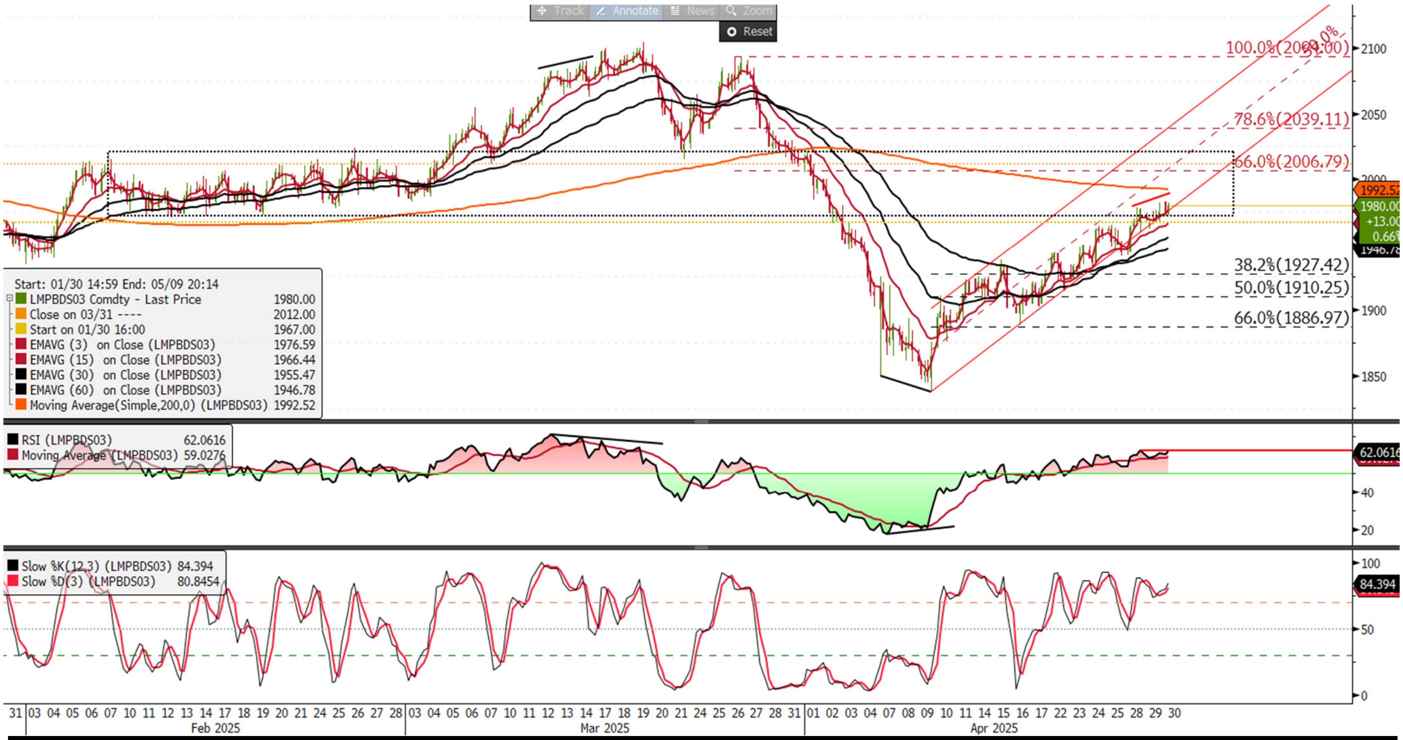
Support		Resistance		Current Price	Bull	Bear
S1	15,581	R1	15,843	15,590		
S2	15,110	R2	15,920			
S3	14,872	R3	16,052			

Synopsis - Intraday

Source Bloomberg

- Price is between the EMA support band (Black EMA's)
- RSI is at 50 (50)
- Stochastic is at 50
- Price is above the daily pivot point USD 15,581
- Technically bearish with a neutral bias yesterday, the MA on the RSI implied that we had light momentum weakness. The rejection of the resistance area whilst in divergence previously, meant that we remained cautious on moves higher in the near-term. If we close above the 200-period MA and trend resistance (USD 15,843—USD 15,914) then it would leave the USD 16,480 fractal resistance vulnerable; however, we could still be in divergence with the RSI above USD 15,880, which would need to be monitored, as it warns that we could see a momentum slowdown on an upside breakout above this level.
- Sideways action yesterday, we remain between the EMA support band with the RSI neutral at 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle above USD 15,581 with the RSI at or above 52.5 will mean price and momentum are aligned to the buyside; likewise, a close below the level with the RSI at or below 48 will mean it is aligned to the sell side. Downside moves that hold at or above USD 14,550 will support a bull argument, below this level the technical will be back in bearish territory.
- Unchanged on the technical today, we remain bearish with a neutral bias, the MA on the RSI implies that we have light momentum weakness. As noted previously, the rejection of the resistance area whilst in divergence means that we remain cautious on moves higher in the near-term. If we close above and hold above the 200-period MA and trend resistance (USD 15,843—USD 15,929) then it will leave the USD 16,480 fractal resistance vulnerable; however, we could still be in divergence with the RSI above USD 15,880, which will need to be monitored, as it warns we could see a momentum slowdown on an upside breakout above this level.

Lead Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	1,973	R1	1,992	1,980	RSI above 50	Stochastic overbought
S2	1,941	R2	2,006			
S3	1,927	R3	2,039			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (62)
- Stochastic is overbought
- Price is above the daily point USD 1,973
- Technically bearish yesterday, the MA on the RSI implied that we had light momentum support, whilst the lower timeframe divergence has failed. However, the futures were testing the rising channel support (USD 1,964). A close below that held below the line would warn that sell side pressure was increasing, leaving price vulnerable to an intraday move lower. Conversely, if trend support held, then we would look to test the USD 2,006 resistance. If broken, then the probability of the futures trading to a new low would start to decrease, increasing the probability that the bearish Elliott wave cycle could fail. At that point, our wave analysis suggested that upside moves should be considered as countertrend.
- The futures held channel supports yesterday (currently USD 1,975) resulting in price trading to a new high. 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 1,973 with the RSI at or below 57 will mean price and momentum are aligned to the sell side. Upside move that fail at or below USD 2,006 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 implies we have light momentum support; however, the new high yesterday means we have a minor divergence in play, warning buyside momentum could slow. The futures re trading in an old consolidation zone, that has the potential to act as a resistance area (roughly highlighted on the chart), whilst we have the intraday 200-period MA at USD 1,992. With our Elliott wave analysis suggesting upside moves should be considered as countertrend, whilst price is in divergence, a resistance zone and below the 200-period MA, we continue to be cautious on moves higher.