

U.S.

Federal Reserve officials gave their clearest signal yet that they're willing to tolerate a recession as the necessary trade-off for regaining control of inflation.

Policy makers, criticized for being too late to realize the scale of the US inflation problem, are moving aggressively to catch up. They raised interest rates by 75 basis points on Wednesday for the third time in a row and forecast a further 1.25 percentage points of tightening before year end (Bloomberg).

China

Goldman Sachs Group Inc. cut its 2023 economic growth forecast for China sharply, predicting Beijing will stick to its stringent Covid Zero policies through at least the first quarter of next year.

Gross domestic product will probably increase 4.5% in 2023, down from a previous projection of 5.3%, Goldman's economists led by Hui Shan wrote in a report. There was no change to the prediction of a 3% expansion this year. (Bloomberg)

Al/Zn

Zinc advanced from its lowest in almost two months, while aluminum also rose, in a sign of relief after the US Federal Reserve stuck to market expectations on a rate hike.

The Fed lifted interest rates by 75 basis points, in line with economist forecasts. While Chair Jerome Powell also delivered a stark warning of painful medicine to fight inflation, the outlook for metals is also colored by tighter global supplies and a possible demand recovery in China.

Inventories of zinc stacked in London Metal Exchange warehouses slid near their lowest since early 2020 on Wednesday. Earlier this week, figures from China showed output in the top producer down more than 5% on the year.

Metals investors are negotiating a highly uncertain period marked by production cuts -- but also slumping demand - in Europe, a murky economic outlook in China, and monetary tightening that's pushing up the dollar.

Aluminum has room to decline further in the coming three months as European industry suffers, Goldman Sachs Group Inc. wrote in a note. But prices could stage a "meaningful rally" over the winter if China's market tightens more quickly than expected, they said. (Bloomberg)

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	7,563	R1	7,677	Stochastic oversold	RSI below 50
S2	7,601	R2			
S3	7,533	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (44)
- Stochastic is oversold
- Price is below the daily pivot point USD 7,698
- The futures moved lower on the back of the FOMC rate rise and hawkish comments yesterday resulting in the 4-hour candle closing below USD 7,722.5, further weakening the technical. Price is below the EMA resistance band 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 7,698 with the RSI at or above 49 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 7,778 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- The new low in the futures has created a minor positive divergence with the RSI, below USD 7,510 will create a larger divergence. Not a buy signal it does warn of the potential to see a momentum slowdown and will need to be monitored.
- Technically bearish with the futures breaking below the 3-day consolidation zone; however, price is now approaching a support zone with the futures in divergence. Resistance above an support below suggest we could move sideways, focus should be on the USD, if this strengthens further it will be the support that comes under pressure.

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,192	R1	2,220	Stochastic oversold	RSI below 50
S2	2,175	R2	2,253		
S3	2,152	R3	2,271		

Source Bloomberg

Synopsis - Intraday

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (39)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,220
- The futures moved lower yesterday with price closing below the USD 2,246 on the intraday chart resulting in the futures trading to new lows, price is now in divergence with the RSI. The futures are below the EMA resistance band with the RSI below 50, intraday price and momentum are aligned to the sell side; however, we have seen buying support on the Asian open.
- A close on the 4-hour candle above USD 2,220 with the RSI at or above 44 will mean price and momentum are aligned to the buy side. Upside moves that fail at or below USD 2,294 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 have held the 61.8% Fibonacci projection from the symmetrical triangle with price now in divergence, warning this downside move has the potential to exhaust soon.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	3,056	R1	3,115	Stochastic oversold	RSI below 50
S2	3,044	R2			
S3	2,959	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (45)
- Stochastic is oversold
- Price is below the daily pivot point USD 3,116
- The futures moved lower yesterday on the back of the FOMC meeting, but the downside move has failed to hold with price moving higher during the Asian session. Price remains below the EMA resistance band with the RSI below 50, intraday price and momentum are conflicting as price is on the daily pivot point whilst the RSI is on its moving average.
- A close on the 4-hour candle above USD 3,116 with the RSI at or above 47.5 will mean price and momentum are aligned to the buy side. Likewise, a close below this level with the RSI at or below 43.5 will mean it is aligned to the sell side. Upside moves that fail at or below USD 3,242 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. A close on the 4-hour candle above USD 3,152 will warn that resistance levels could come under pressure.
- Technically bearish with the futures rolling to the downside; however, we remain in divergence with the RSI which will need to be monitored.

Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	25,083	R1 25,632	24,949	RSI above 50	Stochastic overbought
S2	24,666	R2 26,254			
S3	24,347	R3 27,141			

Synopsis - Intraday

Source Bloomberg

- 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 25,083
- Technically bullish with price above the EMA support band with the RSI above 50, intraday Elliott wave analysis has a potential upside target at USD 26,254. The futures have now traded to new highs confirming we are on a bullish wave 5, this has also created a negative divergence. The futures corrected into the close meaning intraday price and momentum are conflicting.
- A close on the 4-hour candle below USD 25,083 with the RSI at or below 51.5 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 23,914 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish with a potential upside target at USD 26,524, the divergence will need to be monitored.

Lead Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	1,818	1,851.5	Stochastic oversold	RSI below 50
S2	1,782			
S3	1,729			
	R1	1,856		
	R2	1,887		
	R3	1,904		

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 1,856
- Technically bearish but not considered a technical sell at these levels yesterday due to the positive divergence with the RSI. Price moved lower on the back of the FOMC meeting. The futures 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 1,856 with the RSI at or above 41 will mean price and momentum are aligned to the buy side. Upside moves that fail at or above USD 1,926 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 remain in divergence with the RSI which will need to be monitored. However, lower timeframe wave analysis would suggest that we do have the potential for one more test to the downside within this phase of the cycle, based on the downside move yesterday. A cautious bear due to the divergence.