

## China

China's factory activity contracted in October after a short-lived improvement, a fresh sign of the toll from the country's stringent Covid policies and of fading global demand for Chinese-made goods.

The official purchasing managers index for manufacturing fell to 49.2 from 50.1 in September, the National Bureau of Statistics said Monday. The result fell short of the 49.7 median forecast of economists polled by The Wall Street Journal, underscoring the vulnerability of China's economy to its pandemic-control policies. A reading below 50 indicates contraction in activities.

The official nonmanufacturing PMI, which includes services and construction, also slipped into contraction, falling to 48.7 from 50.6 in September. The October gauge for services alone fell to 47 from 48.9. That was its lowest level since April, when a monthslong lockdown hit China's commercial capital and manufacturing hub of Shanghai. (WSJ).

## Cu

Copper rebounded as global supply tightness persisted amid logistical challenges and renewable-energy demand as most metals advanced on the weakening dollar. Zinc rose after two days of losses.

Following three days of consecutive declines on a dimming global growth outlook and a strengthening dollar, copper won support on Tuesday due to low levels in inventories.

Top supplier Codelco on Friday lowered its annual guidance for the second time in three months after third-quarter output dropped, in a reminder of the supply-side challenges facing the global metals market. Those hurdles have become acute in China in recent weeks, prompting traders to scramble for imports as domestic inventories run short. (Bloomberg).

# Copper Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	7,630	RSI above 50	Stochastic oversold
S2	R2			
S3	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (53)
- Stochastic is oversold
- Price is above the daily pivot point USD 7,484
- A bullish hidden divergence in play yesterday warned that resistance levels could be tested. The futures moved lower resulting in divergence failure; however, having entered bear territory we formed a Doji star on the 4-hour candle warning of indecision in the market. A bullish open in the Asian session has resulted in the futures moving above the EMA support band with the RSI now above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 7,484 with the RSI at or below 46 will mean price and momentum are aligned to the sell side. Key support is above the daily pivot, downside moves that hold at or above USD 7,495 will support a near-term bull argument, below this level we target the USD 7,420 low. Upside moves that fail at or below USD 7,670 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. Only above USD 7,800 is the intraday technical bullish.
- Negative price action yesterday has taken the technical into bear territory, the upside move on the open means that the RSI is above 50 with the stochastic in oversold territory, momentum is warning we could see further tests to the upside.
- Technically bearish with key resistance looking vulnerable, the daily EMA's remain flat with price trading in the resistance band, suggesting the longer-term trend lack directional bias.

# Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,218	R1	2,247		RSI below 50
S2	2,200	R2	2,265	2,233	
S3	2,161	R3	2,290		

Source Bloomberg

## Synopsis - Intraday

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (49)
- Stochastic is below 50
- Price is above the daily pivot point USD 2,218
- Technically bearish with a neutral bias on the intraday yesterday, the daily technical although bullish had rejected the daily EMA resistance band warning the futures remained vulnerable. We did see an upside move into the Fibonacci resistance zone, which is currently holding. Price is below the EMA resistance band with the RSI near-neutral at 49, intraday price and momentum are conflicting.
- A close on the 4-hour candle above USD 2,218 with the RSI at or above 51 will mean price and momentum are aligned to the buy side; likewise, a close below this level with the RSI at or below 46.5 will mean it is aligned to the sell side. Upside moves that fail at or below USD 2,290 will leave the futures vulnerable to further tests to the downside, above this level target the USD 2,343.50 fractal high.
- Bullish with a neutral bias, if the RSI moves above 50, we have the potential to see resistance levels come under pressure as the stochastic is at 31. Flat EMA's imply a lack of directional bias whilst the resistance zone is currently holding, suggesting we need to see more to the upside to be convinced the futures will trade to new highs. Caution on a close below USD 2,226 (on the 4-hour) as it will warn that the USD 2,188.50 low from yesterday could come under pressure.

# Zinc Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,702	Stochastic oversold	RSI below 50
S2	R2			
S3	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is above the EMA resistance band (Black EMA's)
- RSI is below 50 (28)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,722
- Little has changed on the technical overnight with the futures moving lower. Price remains 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 2,722 with the RSI at or above 36.5 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 2,895 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. Only above USD 3,019 is the intraday technical bullish.
- As highlighted yesterday, the intraday RSI is making new lows, suggesting upside moves should be considered as countertrend at this point.
- The technical is conflicting between the intraday and daily, the near-term technical would suggest this move has one more wave to the downside before exhausting; however, due to the daily divergence we are currently a cautious bear from a technical perspective. (Unchanged)

# Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	21,482	R1	21,913	Stochastic oversold	RSI below 50
S2	21,015	R2	22,780		
S3	20,940	R3	23,200		

## Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (47)
- Stochastic is oversold
- Price is below the daily pivot point USD 21,913
- The futures remain in a consolidation phase with price below the EMA resistance band. However, the bands are flat supporting a lack of trend in the market, meaning the band itself is unlikely to be respected at this point. The RSI is below 50 with price and momentum aligned to the sell side. (Unchanged)
- A close on the 4-hour candle above USD 21,913 with the RSI at or above 52 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 23,619 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Little movement in the futures yesterday. Technically we are bearish; however, due to the futures being in consolidation for the last 4 weeks we continue to have a neutral bias.

# Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	1,949	R1	1,977	RSI above 50	
S2	1,928	R2	2,019.50		
S3	1,900	R3	2,054		

## Synopsis - Intraday

Source Bloomberg

- Price is above the EMA resistance band (Black EMA's)
- RSI is above 50 (53)
- Stochastic is above 50
- Price is below the daily pivot point USD 1,977
- Technically bullish yesterday, we remain cautious due to the bullish intraday Elliott wave cycle that failed. The futures moved lower during the day session but found support on the EMA resistance band. The RSI is above 50 with intraday price and momentum now conflicting.
- A close on the 4-hour candle below USD 1,977 with the RSI at or below 52 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 1,900 will support a bull argument, below this level the technical will have a neutral bias. Only below USD 1,840 is the intraday technical bearish.
- Technically bullish with price holding above the EMA resistance band and Fibonacci support band. However, we remain cautious on upside moves due to the previous wave cycle failure at this point.