

China

Two key indicators of Chinese interbank borrowing costs have hit a three-month high, as the nation's central bank faces a crucial decision on what to do with a massive amount of policy loans due next week.

China's one-year interest-rate swaps, a popular hedging tool sensitive to rate expectations, are now at 2.05%, a level unseen since July 28, Bloomberg-compiled data show. The cost of issuing one-year negotiable certificate of deposits, a key form of banks' short-term debt, also has jumped to a three-month peak of 2.12%.

The signs of funding stress underscore the pressure on the People's Bank of China to keep liquidity ample when 1 trillion yuan (\$138 billion) of medium-term lending facility matures on Nov. 15, either by extending such loans to financial institutions or lowering banks' reserve requirements to free up cash. The central bank's decision will carry added importance now that fresh evidence has emerged of withering demand in the world's No. 2 economy. (Bloomberg).

Cu/Zn

Copper and zinc led base metals lower as Chinese producer prices fell into deflation for the first time in two years and the market waited for US inflation data due Thursday.

The producer price index dropped 1.3% in October from a year earlier as virus restrictions and the property-market slump pressured Chinese companies to cut prices. Slowing growth in Asia's largest economy has been a major drag on metals prices this year.

US inflation figures for October may provide clues on the trajectory of the Federal Reserve's tightening cycle, which has also weighed on commodity prices. Investors are tracking results from the US midterm elections, where a change in the balance of power in the Senate and House of Representatives could derail President Joe Biden's legislative agenda and impact the dollar.

Copper fell 0.7% to \$8,058.50 a ton on the London Metal Exchange as of 11:08 a.m. in Singapore. Zinc dropped 0.8% and aluminum declined 0.2%. Iron ore futures in Singapore extended gains to a sixth day, adding 1% to \$88.80.

Major Chinese copper smelters, meanwhile, have called on authorities to issue policies to "reasonably control" local capacity in a bid to ensure supply-chain security and improve quality. The request comes after a flurry of construction over the past decade increased capacity. (Bloomberg).

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	8,019	R1	8,140	RSI above 50	Stochastic overbought
S2	7,880	R2	8,181		
S3	7,800	R3	8,441		

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 pivot point USD 8,019
- Technically bullish yesterday with the downside move considered as countertrend based on the RSI behavior. The futures held the USD 7,880 support resulting in a move higher, price is above all key moving averages supported by the RSI above 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle below USD 8,019 with the RSI at or below 60 will mean price and momentum are aligned to the sell side. Likewise, a close above this level with the RSI at or above 64.5 will mean price and momentum are aligned to the buy side. Downside moves that hold at or above USD 7,691 will support a bull argument, below this level the technical will have a neutral bias. Only below USD 7,460 will the technical be bearish.
- Technically bullish, with a potential upside target at USD 8,296. Upside moves that trade above USD 8,132 will create a negative divergence with the RSI, not a sell signal it does warn that we have the potential to see a momentum slowdown. However, our intraday Elliott wave analysis would suggest that downside moves should be considered as countertrend at this point.

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,346	R1	2,382	RSI above 50	Stochastic overbought
S2	2,324	R2			
S3	2,217.5	R3			

Source Bloomberg

Synopsis - Intraday

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (61)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,346
- The technical condition was improving yesterday due to price holding above the upper trend resistance of the bull flag breakout; however, the futures needed to see a bullish impulse move to confirm the breakout. Price has moved higher; the futures are above the EMA support band with the RSI above 50. Intraday price and momentum are aligned to the buy side.
- A close on the 4-hour candle below USD 2,346 with the RSI at or below 60 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 2,324 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish with ear-term resistance at USD 2,427, the upside move yesterday has created a negative divergence with the RSI, not a sell signal it is warning we have the potential to see a momentum slowdown and will need to be monitored.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,899	R1	2,959	RSI above 50	Stochastic overbought
S2	2,842	R2	3,019		
S3	2,806	R3	3,193		

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA resistance band (Black EMA's)
- RSI is above 50 (59)
- Stochastic is overbought
- Price is below the daily pivot point USD 2,899
- The futures were in a corrective phase yesterday on the back of a lower timeframe divergence. The downside moves held support with price now moving higher. The futures are above all key moving averages supported by the RSI above 50, intraday price and momentum are aligned to the buy side.
- A close on the 4-hour candle below USD 2,899 with the RSI at or below 54.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 2,757 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, Upside moves above USD 2,959 will target the USD 3,019 and USD 3,193 resistance levels. Note we have highlighted in red on the chart a resistance zone that we have now entered, if it holds, support levels will become vulnerable.

Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	23,733	R1	23,885	RSI above 50	Stochastic overbought
S2	23,310	R2			
S3	22,584	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (58)
- Stochastic is below 50
- Price is above the daily pivot point USD 23,733
- Bearish neutral yesterday with price holding above the support zone, we highlighted that the USD 24,290 – USD 24,300 double top will be a key area to follow, if it holds then expect support levels to come under pressure. The futures have moved higher with price above all key moving averages with the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 23,733 with the RSI at or below 54 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 22,584 will support a near-term bull argument, below this level we target the USD 22,256 and USD 21,700 support levels.
- Bearish with a neutral bias, the futures are now testing the intraday double top. A close above, that holds above USD 24,300 will warn that resistance levels could be tested and broken. If resistance holds, support levels will be vulnerable.

Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,017	R1	2,033	RSI above 50	Stochastic overbought
S2	2,003	R2			
S3	1,985	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (58)
- Stochastic is overbought
- Price is on the daily pivot point USD 2,032
- Technically bullish yesterday with the RSI making a new high whilst the stochastic was in divergence, The futures moved higher meaning both the RSI and stochastic are in divergence. Price is above the EMA support band with the RSI above 50, price and momentum are conflicting.
- A close on the 4-hour candle below USD 2,032 with the RSI at or below 56 will mean price and momentum are aligned to the sell side. Likewise, a close above this level with the RSI at or above 60 will mean it is aligned to the buyside. Downside moves that hold at or above USD 1,985 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish but not considered a technical buy due to the two negative divergences.