

## Metals

China's economy grew at a faster-than-expected clip in the third quarter, while consumption and industrial activity in September also surprised on the upside, suggesting the recent flurry of policy measures is helping to bolster a tentative recovery (Reuters).

## Copper

Industrial metals from copper to zinc rose after China's latest economic growth figures beat estimates and bolstered risk appetite.

China's economy found a foothold in the third quarter after Beijing stepped up support to boost growth and consumer spending picked up, even as the property sector remained a drag. Gross domestic product rose 4.9% in period from a year prior, stronger than the median economist estimate of a 4.5% expansion.

"The data is lifting near-term sentiment and improved investor expectations for the fourth quarter," said Wei Lai, analyst with Zijin Tianfeng Futures Co. "Still, as long as investors remain concerned over growth next year, and it will be hard to build long positions on a large scale." Physical copper demand is still lackluster and spot premiums have dropped. (Bloomberg)

## Al

Chinese aluminum production hit a daily record in September after smelters brought back more idled capacity, while steel output fell on the month as margins dwindled.

Aluminum output rose to about 119,000 tons a day last month, beating the previous record of 116,000 tons set in August, according to the statistics bureau on Wednesday, as a surge in the supply of hydropower that fuels smelters in southern regions such as Yunnan allowed operations to be restored after a dry spell in the summer (Bloomberg).

## Pb

Lead inventories in warehouses tracked by the London Metal Exchange jumped by 9,400 tons to 105,625 tons, according to data from the bourse.

Increase driven by deliveries into warehouses in Asia

Stockpiles are up 24% over the past four days

LME lead prices erase gains to trade 0.1% lower at \$2,071 a ton after data published at 9 a.m. local time (Bloomberg)

# Copper Morning Technical (4-hour)



|    | Support | Resistance | Current Price | Bull         | Bear |
|----|---------|------------|---------------|--------------|------|
| S1 | 7,949   | R1         | 8,027.5       | RSI above 50 |      |
| S2 | 7,867   | R2         |               |              |      |
| S3 | 7,817   | R3         |               |              |      |

## Synopsis - Intraday

Source Bloomberg

- Price is between the EMA resistance band (Black EMA's)
- RSI is above 50 (51)
- Price is above the daily pivot point USD 7,949
- Stochastic is above 50
- Unchanged on the technical yesterday, upside moves were considered as countertrend with price in a consolidation phase. Intraday Elliott wave analysis suggested we would move lower; however, price was consolidating and still needed to see a close below that held below the USD 7,963 level to signal downside continuation. We maintained a cautious view due to the market consolidating. The futures broke to the downside, traded to a low of USD 7,891 before finding bid support and closing at USD 7,970.5, meaning the move failed to hold and a new low was not achieved. The futures are higher on the Asian open with the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 7,949 with the RSI at or below 44 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 8,204 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, the downside move yesterday failed to make a new low making the technical a little less clear this morning, as price is trading above a near-term fractal resistance. The upside moves means that the MA on the RSI is turning higher, warning of momentum support, suggesting resistance levels are starting to look vulnerable. Key resistance is at USD 8,204, a move above this level will mean the probability of the futures trading to a new low will start decrease. The technical is suggesting caution on downside moves at this point.

# Aluminium Morning Technical (4-hour)



|    | Support | Resistance | Current Price | Bull | Bear         |
|----|---------|------------|---------------|------|--------------|
| S1 | 2,173   | R1         | 2,192.5       |      | RSI below 50 |
| S2 | 2,162   | R2         |               |      |              |
| S3 | 2,138   | R3         |               |      |              |

## Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (44)
- Stochastic is below 50
- Price is above the daily pivot point USD 2,173
- We remained in a bearish trending environment yesterday with intraday Elliott wave analysis suggesting we had a potential downside target at USD 2,162 for this phase of the cycle. The 4-hour technical was no longer in divergence; however, the Elliott wave cycle was (93 min candle chart), for this reason, we continued to have a note of caution. The futures traded to a low of USD 2,158.5 before finding bid support. We remain below the EMA resistance band with the RSI below 50, intraday price and momentum are aligned to the buy side.
- A close on the 4-hour candle below USD 2,173 with the RSI at or below 35.5 will mean price and momentum are aligned to the buy side. Upside moves that fail at or below USD 2,220 will leave the futures vulnerable to further tests to the downside, above this level the near-term technical will have a neutral bias. Only above USD 2,252 is the technical bullish based on price; however, the Elliott wave cycle remains bearish below USD 2,296 and neutral above.
- The futures are now moving higher on the back of a lower timeframe divergence, warning resistance levels are starting to look vulnerable. The trend is still considered as bearish, if we trade above USD 2,220 the probability of the futures trading to a new low in this phase of the cycle in this phase of the cycle will have started to decrease.

# Zinc Morning Technical (4-hour)



|    | Support | Resistance | Current Price | Bull | Bear         |
|----|---------|------------|---------------|------|--------------|
| S1 | 2,420   | R1         | 2,464         |      | RSI below 50 |
| S2 | 2,396   | R2         | 2,489         |      |              |
| S3 | 2,371   | R3         | 2,509         |      |              |

## Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (46)
- Stochastic is at 50
- Price is above the daily pivot point USD 2,420
- Technically bearish yesterday, the move lower previously meant that the near-term divergence on the lower timeframe had failed (as well as the 4-hour divergence). This warned that the lower timeframe Elliott wave cycle (50 min candle) had the potential for further downside, suggesting intraday upside moves look like they could be countertrend at this point. Key resistance was at USD 2,498, a move above this level would be considered as deep into the last bear wave, meaning the probability of the futures trading to a new low will have started to decrease. The futures traded to a low of USD 2,384 before finding bid support. We remain below the EMA resistance band with the RSI below 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 2,420 with the RSI at or below 38 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 2,489 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish with the Upside move looking like it could be countertrend, based on our intraday Elliott wave analysis. Upside moves above USD 2,471 will warn that the USD 2,489 resistance could come under pressure, if broken, then the probability of the futures trading to a new low will start to decrease.



# Lead Morning Technical (4-hour)



| Support | Resistance | Current Price | Bull  | Bear                                  |
|---------|------------|---------------|-------|---------------------------------------|
| S1      | 2,101      | R1            | 2,125 | RSI above 50<br>Stochastic overbought |
| S2      | 2,058      | R2            | 2,143 |                                       |
| S3      | 2,029      | R3            | 2,175 |                                       |

## Synopsis - Intraday

Source Bloomberg

- Price is between the EMA resistance band (Black EMA's)
- RSI is above 50 (51)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,101
- The futures remained technically bearish with upside moves considered as countertrend yesterday based on the lower timeframe Elliott wave cycle (176 min candle chart); the 4-hour technical remained in divergence. Momentum was conflicting as the MA on the RSI did suggest it was supported; however, the RSI was just below 50 with the stochastic in overbought territory, if the RSI could hold below 50 then we could be vulnerable to a move lower. Above 50 the stochastic would be considered as less relevant. Key resistance was at USD 2,125, upside moves above this level would be considered as deep into the last bear wave, meaning that the probability of the futures trading to a new low will have started to decrease. With the futures trading in the EMA resistance band whilst the intraday wave cycle suggests that the upside move was against the trend, the technical would suggest caution on upside moves from here. We initially sold lower before trading into the EMA resistance band, the RSI is now above 50 with price and momentum aligned to the buyside.
- A close on the 4-hour candle below USD 2,101 with the RSI at or below 43 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 2,125 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- The Technical is bearish, the MA on the RSI implies that momentum is supported, warning the USD 2,125 resistance is vulnerable. However, price is in the EMA resistance band with out intraday Elliott wave analysis suggesting that the move higher is potentially countertrend. For this reason, we are cautious on upside moves at this point.

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