

China

The yuan will face pressure from dollar strength, although China's growth is expected to bottom out in the near term, according to Goldman Sachs.

Stabilizing exports, lower impact from inventory destocking, and policy support are helping growth and inflation bottom out, say analysts led by Xinquan Chen

"We see upside risks to USD/CNY from strong USD externally and likely continued monetary policy easing domestically"

China is expected to further lower rates to support economy, including 10bps cut in policy rates and 25bps in RRR cut, before year-end

Economic improvement and expected credit expansion may drive up long-term rates including 10Y China government bond yields this month (Bloomberg).

Cu

Copper was on track for the biggest weekly slump since November before US labor figures are released later Friday.

The metal, widely seen as an economic bellwether, was steady near the lowest level this year on the London Metal Exchange. The monthly US payrolls report will be closely watched for indications on whether the Federal Reserve will need to hike rates again this year.

Expectations for higher-for-longer interest rates and a strengthening dollar have clouded the demand outlooks for many commodities in recent weeks and made them more expensive for most buyers. That's come on top of disappointing growth in China, the biggest raw materials importer. (Bloomberg)

Al

Russia's growing aluminum trade with China will mitigate the impact of companies' self-sanctioning efforts on the growth of the Russian aluminum sector. Instead, the need to replace aluminum supply from Russia will drive other countries such as the US to look for alternatives, with recycling well-positioned to help plug the gap in the short to medium term.

Aluminum alliance

The China Nonferrous Metals Industry Association signed a memorandum of understanding with the Russian Aluminum Association in Beijing on Sept. 25, Bloomberg News reported. The announcement comes as Russia's aluminum exports to China hit a record high of 131,000 metric tons in August 2023, according to official data from the General Administration of Customs of China. (Bloomberg)

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	7,867	R1	8,005	Stochastic oversold	RSI below 50
S2	7,817	R2	8,044		
S3	7,773	R3	8,064		

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (38)
- Price is below the daily pivot point USD 7,914
- Stochastic is oversold
- Technically bearish yesterday, the downside moves previously resulted in the divergence failing, this warned that upside moves looked like they could be countertrend, as the Elliott wave cycle had extended, wave analysis suggested that we still had a near-term downside target at USD 7,817. However, on the lower timeframe Elliott wave cycle, the move lower that started on the 29/09/23 looked to have produced 5-waves with the futures now in divergence, warning we were vulnerable to an intraday move higher. This would suggest market sellers should be cautious on downside breakouts. The futures traded to a low of USD 7,870 going into the close but found light bid support on the open. We are below the EMA resistance band with the RSI below 50, intraday price and momentum are aligned to the buy side, as the opening candle closed above the daily pivot point.
- A close on the 4-hour candle below USD 7,914 with the RSI at or below 33.5 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 with upside moves considered as countertrend. The new low yesterday has created a positive divergence with the RSI, not a buy signal it is a warning that we have the potential to see a momentum slowdown. Due to the divergence, the futures are not considered a technical sell at this point, as we are vulnerable to an intraday upside move higher.

Aluminium Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,232	Stochastic oversold	RSI below 50
S2	R2			
S3	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (41)
- Stochastic is oversold
- Price is on/below daily pivot point USD 2,236
- Technically bullish yesterday, we had a neutral bias due to the depth of the pullback, the probability of the futures trading to a new high had decreased. The RSI was making now lows with the MA on the RSI suggesting that momentum remained weak, implying upside moves had the potential to be countertrend. We noted that a move below USD 2,237.5 would create a positive divergence with the RSI on a lower timeframe, warning we had the potential to see a momentum slowdown in the near-term, implying caution on downside breakouts. The futures traded to a new low with price starting to move sideways. We are below all key moving averages with the RSI below 50, intraday price and momentum are conflicting, as the opening candle closed above the daily pivot point.
- A close on the 4-hour candle above USD 2,236 with the RSI at or above 47 will mean price and momentum are aligned to the buy side; likewise, a close below this level will mean it is aligned to the sell side. Upside moves that fail at or below 2,318 will leave the futures vulnerable to further tests to the downside, above this level the USD 2,367 fractal high could come under pressure.
- Technically bullish with a neutral bias. Downside moves below USD 2,225 will create a positive divergence with the RSI, warning we have the potential to see a momentum slowdown, suggesting caution on downside breakouts. However, we maintain our view that upside moves look like they will be countertrend based on the RSI low on the 04/10.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,472	R1	2,522	Stochastic oversold	RSI below 50
S2	2,442	R2	2,542		
S3	2,419	R3	2,568		

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (40)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,477
- Technically bullish with a neutral bias yesterday. A 5-wave pattern on the lower time frame suggested that we had a potential downside target in the near-term at USD 2,419. However, the futures were in divergence with the RSI, warning we could see a momentum slowdown. The RSI was making new lows, the MA on the RSI suggested that momentum is weak, alongside the 5-wave pattern lower, this implied that upside moves should now be considered as countertrend. If the wave cycle did not fail yesterday, there was a higher probability that it would soon, based on the lower timeframe wave cycle. The futures traded to a new low, meaning the intraday technical is now bearish. Price is below all key moving averages supported by the RSI below 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle below USD 2,477 with the RSI at or below 39 will mean price and momentum are aligned to the sell side. Likewise, a close above this level with the RSI at or above 43.5 will mean it is aligned to the buyside. Upside moves that fail at or below USD 2,602 will leave the futures vulnerable to further tests to the downside, above this level the technical will target the USD 2,675 fractal high.
- Technically bearish, we have a positive divergence on a lower time frame, warning we could see a momentum slowdown, for this reason the futures are not considered a technical sell at these levels. However, as noted yesterday, based on the 5-wave pattern lower, upside moves should in theory be countertrend.

Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	18,350	R1	18,415	Stochastic oversold	RSI below 50
S2	18,053	R2			
S3	17,800	R3			

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 18,485
- Unchanged yesterday, we remained technically bearish. We noted that a new low would create a positive divergence with the RSI, suggesting caution on downside breakouts with upside moves considered as countertrend. Like the previous two days, a new low before a move higher will mean that upside moves still had the potential to be countertrend. The futures have traded to a new low with price remaining 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 18,485 with the RSI at or above 42.5 will mean price and momentum are aligned to the buy side. Upside moves that fail at or below USD 19,010 will leave the longer-term technical vulnerable to further tests to the downside, above this level the Elliott wave cycle will have a neutral bias. However, key resistance on the wave cycle is at USD 19,821, the cycle is bearish below this level and neutral above.
- Technically bearish, the futures are in divergence, warning we could see a momentum slowdown, suggesting caution on downside moves in the near-term. We maintain our view that upside moves should be considered as countertrend.

Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,127	R1	2,152		
S2	2,107	R2	2,169		RSI below 50
S3	2,081	R3	2,181		

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (47)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,127
- Unchanged on the technical yesterday, we remained bearish with upside moves considered as countertrend, making USD 2,170 the key resistance to follow. The futures have moved higher with price now trading at the base of the resistance band, the RSI is below 50 with price and momentum aligned to the buyside.
- A close on the 4-hour candle below USD 2,127 with the RSI at or below 36 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 2,168 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 are moving higher with the MA on the RSI suggesting that momentum is supported; however, the RSI is below 50 with the stochastic in overbought territory. If the RSI can hold below 50 then the futures will be vulnerable to a move lower; likewise, above this level the overbought stochastic becomes less relevant. Momentum is conflicting, but the Elliott wave cycle would suggest that the current upside move looks to be countertrend.