

China

China's central bank withdrew cash from the financial system, suggesting it views Tuesday's abrupt surge in short-term borrowing costs as a one-off disruption.

The People's Bank of China drained a net 109 billion yuan (\$14.9 billion) from money markets Wednesday by doling out a smaller amount of new short-term loans than was maturing.

The withdrawal came even as funding conditions tightened sharply in recent days due to month-end demand, tax payments and large government bond sales. Still, the overnight rate had surged to as high as 50% in isolated transactions Tuesday, according to a trader, who asked not to be identified. That sparked concern over potential stress in the financial system. (Bloomberg).

Cu

Copper extended its retreat from a one-month high as investors weigh more bearish signals for Chinese demand.

Prices fell for a second day after the Caixin manufacturing purchasing managers' index contracted, in sign that the economic recovery is losing momentum and pressuring policymakers to shore up growth. The data followed the official reading the previous day, which also missed expectations.

Copper has fallen this year with other metals amid concerns over the tepid recovery of China's economy and global monetary tightening. Prices have found some support from low world inventories and booming demand from green sectors. (Bloomberg)

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	8,095	R1	8,166.5	RSI above 50	
S2	8,052	R2	8,199		
S3	8,017	R3	8,265		

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (53)
- Price is below the daily pivot point USD 8,121
- Stochastic is below 50
- Technically bullish with key support at USD 8,052 yesterday; price and the RSI were achieving new highs suggesting the current move lower had the potential to be countertrend. If key support was broken, then it would warn that the probability of the futures trading to a new high would have started to decrease. Having found light bid support on the European open the futures gave back early gains to close unchanged on the day. We remain above the EMA support band with the RSI above 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 8,121 with the RSI at or above 59 will mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 8,052 will support a bull argument, below this level the technical will have a neutral bias.
- Technically we remain bullish with the recent high in the RSI suggesting that downside moves have the potential to be countertrend. Price is trading in the daily EMA resistance band having produced a small rejection candle on the 30/10 and a Doji on the 31/10, implying that there is some uncertainty in the market. Upside moves above USD 8,166.5 will warn that the USD 8,231 fractal resistance could be tested and broken; likewise, a close below USD 8,083 on the daily chart will be below the low of the recent high candle, warning sell side momentum is increasing. As noted yesterday, a move below the USD 8,052 level will indicate that the probability of the futures trading to a new high will have started to decrease. The intraday technical is bullish but we do have a note of caution as price is trading in the daily EMA resistance band.

Aluminium Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,246.5	RSI above 50	Stochastic overbought
S2	R2			
S3	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 below the daily pivot point USD 2,251
- Technically bullish yesterday, the continued upside move previously had resulted in the RSI making new highs on both the 1-and-4-hour timeframes, suggesting downside moves should be considered as counter-trend; making USD 2,214 the key support to follow. The futures have entered a small corrective phase with price still above the EMA support band. The RSI is above 50 but intraday price and momentum are now aligned to the sell side.
- A close on the 4-hour candle above USD 2,251 with the RSI at or above 64.5 will mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 2,214 will support a bull argument, below this level the technical will have a neutral bias.
- We remain technically bullish with downside moves looking like they should still be considered as counter-trend. The RSI is now below its MA, but the average continues to suggest that momentum is supported at this point.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear	
S1	2,396	R1	2,425	Stochastic oversold	RSI below 50	
S2	2,384	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 (44)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,435
- Technically bearish yesterday, the futures had rejected the USD 2,489 level previously but had found support on the EMA band. Technically, resistance levels remained vulnerable; however, we remained cautious on upside moves, as above USD 2,488 we still had the potential to create a negative divergence with the RSI. The futures broke to the downside meaning price is back below the EMA resistance with the RSI below 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 2,435 with the RSI at or above 53 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 2,489 will leave the future vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, the futures have rejected the USD 2,489 resistance with price trading below the USD 2,427.5 fractal support, suggesting the USD 2,384 fractal low has the potential to be tested and broken.

Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	17,925	R1	17,970	Stochastic oversold	RSI below 50
S2	17,816	R2			
S3	17,460	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (41)
- Stochastic is oversold
- Price is below the daily pivot point USD 18,176
- The futures had breached key support and resistance in the previous two sessions, implying the market was neutral. The longer-term technical remained in divergence, suggesting downside moves could struggle to hold. Meaning we remained cautious on corrective moves lower. The futures have moved lower but remain above the USD 17,925 fractal low at this point. Price is 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 18,176 with the RSI at or above 50 will mean price and momentum are aligned to the buy side. Upside moves that fail at or below USD 18,405 will leave the futures vulnerable to further tests to the downside, only above USD 18,760 is the intraday technical bullish.
- Technically bearish, despite the move lower we continue to maintain a cautious view on downside moves, as a new low below USD 17,925 will create another positive divergence with the RSI, not a buy signal, it is a warning that we have the potential to see a momentum slowdown which will need to be monitored.

Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,074.5	R1	2,093	Stochastic oversold	RSI below 50
S2	2,066	R2	2,143		
S3	2,029	R3	2,175		

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (46)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,093
- Technically bearish with a neutral bias yesterday, the probability of the futures trading to a new high had started to decrease. However, the upside move yesterday did reject the daily EMA resistance band (we were trading just below it), suggesting caution on upside moves. If we did see a move above the USD 2,138 level it would imply that buyside momentum was increasing, meaning the USD 2,143 and USD 2,175 resistance levels could be tested and broken. The futures rejected the daily resistance band, resulting in a move lower. Price is 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 2,093 with the RSI at or above 54 will mean price and momentum are aligned to the buyside. The futures have broken the USD 2,096 support highlighted yesterday, meaning the USD 2,074 fractal support is starting to low vulnerable.
- Technically bearish, the rejection of the EMA resistance band two days ago, has been followed by a move lower yesterday, warning support levels are now vulnerable.

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