

Metals

Copper traded near its highest close in three weeks and other metals were mixed as investors digested the Federal Reserve's bid to defend US growth and the labor market with a half-point rate-cut.

The Fed's focus on quashing inflation had presented a key headwind for metals in recent years, along with deepening doubts over the health of China's economy. While copper is solidly higher this year, its performance has fallen well short of widely-held bullish expectations.

Now, investors will zero in on whether the Fed's initial move will avoid turbulence for the US, and stem recent weakness in global manufacturing. The cautious response suggests investors remain uncertain about prospects.

The half-point cut is "beneficial to expectations for a soft landing in the US," Everbright Futures Co. said in a note, adding that fundamentals for copper were gradually improving. "However, the instability of the US stock market performance is also affecting market sentiment."

Copper was 0.4% lower at \$9,364 a ton on the London Metal Exchange at 11:13 a.m. in Shanghai after closing on Wednesday at the highest since Sept. 16 following Fed Chair Jerome Powell's speech. Among other metals, aluminum pared the earlier session's gain, zinc was flat and nickel edged higher.

There have been some signs of a pick-up in Chinese metals markets in the past month, with copper inventories in Shanghai Futures Exchange-tracked warehouses falling back toward normal levels. Premiums on imported copper have also rebounded to the highest since the opening days of 2024, after trading below zero for most of May and June.

"The increase in the medium-term outlook for rates should come as a positive, with metals highly sensitive to factory activity and overall economic growth," ANZ Group Holdings said in a note. (Bloomberg).

Copper Morning Technical (4-hour)



| | Support | Resistance | Current Price | Bull | Bear |
|----|---------|------------|---------------|--------------|------|
| S1 | 9,381 | R1 | 9,418 | RSI above 50 | |
| S2 | 9,246 | R2 | | | |
| S3 | 9,178 | R3 | | | |

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- The RSI above 50 (59)
- Stochastic is above 50
- Price is above the daily pivot point USD 9,381
- Technically bullish yesterday, the MA on the RSI was flat, implying momentum was neutral. Our intraday Elliott wave analysis suggests that the current move lower looked to be countertrend; we noted that we had not closed below USD 9,321 level, but we are in a corrective wave 4. Intraday price action was a little overextended to the downside in the very near-term, after selling lower in the Asian day session; however, upside moves that fail to close above the daily pivot level (USD 9,387) would warn that there is the potential for further downside within this corrective phase.
- The futures traded higher with price closing above the intraday pivot level. We are above all key moving averages supported by the RSI above 50, intraday price and momentum are now conflicting.
- A close on the 4-hour candle above USD 9,381 with the RSI at or above 61.5 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. Downside moves that hold at or above USD 9,086 will support a near-term bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the MA on the RSI remains flat, implying momentum is neutral. Upside moves above USD 9,466.5 will confirm that we are in a lower timeframe bullish Elliott wave 5, meaning we have the potential to trade as high as USD 9,656 within this phase of the cycle. However, a new high will create a negative divergence with the RSI, not a sell signal it warns that we have the potential to see a momentum slowdown, implying caution on upside breakouts.

Aluminium Morning Technical (4-hour)



| | Support | Resistance | Current Price | Bull | Bear |
|----|---------|------------|---------------|--------------|-----------------------|
| S1 | 2,516 | R1 | 2,536 | RSI above 50 | Stochastic overbought |
| S2 | 2,461 | R2 | | | |
| S3 | 2,436 | R3 | | | |

Source Bloomberg

Synopsis - Intraday

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (66)
- Stochastic is above 50
- Price is above the daily pivot point USD 2,516
- Technically bearish with a neutral bias yesterday, the MA on the RSI was flat, implying momentum is neutral. As noted previously, with the RSI breaking resistance on the move higher, the downside move had a greater chance of being countertrend, making USD 2,401 the key support to follow. If broken, then the probability of the futures trading to a new high would start to decrease. Like copper, the very near-term price action was looking oversold; however, intraday upside moves that failed to close above the daily pivot level (USD 2,517), would warn that there could be further downside within this corrective phase.
- The futures traded higher with price closing above the intraday pivot level. We are above all key moving averages with the RSI above 50, intraday price and momentum are conflicting. A close on the 4-hour candle above USD 2,516 with the RSI at or above 70.5 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. Downside moves that hold at or above USD 2,401 will support a near-term bull argument, if broken, the technical will be back in bearish territory.
- Technically bullish, the MA on the RSI is implying that we have light momentum weakness. Upside moves above USD 2,545 will confirm that we are on a lower timeframe Elliott wave 5, meaning we have the potential to trade as high as USD 2,620 within this phase of the cycle. However, a new high will create a negative divergence with the RSI, whilst the RSI could potentially be still below its average. The technical is warning that upside moves could struggle to hold, implying caution on upside breakouts.

Zinc Morning Technical (4-hour)



| | Support | Resistance | Current Price | Bull | Bear |
|----|---------|------------|---------------|--------------|------|
| S1 | 2,894 | R1 | 2,933 | RSI above 50 | |
| S2 | 2,863 | R2 | 2,986 | | |
| S3 | 2,823.5 | R3 | 3,031 | | |

Source Bloomberg

Synopsis - Intraday

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (55)
- Stochastic is oversold
- Price is above the daily pivot point USD 2,894
- The technical is bullish but with a neutral bias yesterday, below USD 2,823.5 it would be bearish. As noted previously, key support to follow from an Elliott wave perspective was at USD 2,780; downside moves that hold this level will warn that there is a larger bullish Elliott wave cycle in play, if broken, then the USD 2,679 fractal low will become vulnerable. Key near-term resistance was at USD 2,939, upside moves that failed at or below this level would warn that there could be further downside within the corrective phase. We were cautious on intraday upside moves in the near-term, as the corrective move should consist of 3-waves.
- The futures traded to a high of USD 2,934.50 before rejecting our key resistance at USD 2,939, resulting in the futures selling lower. The futures have opened with light bid support, meaning we remain above the EMA support band with the RSI above 50, intraday price and momentum are aligned to the sell side, as the previous candle closed below the daily pivot level.
- A close on the 4-hour candle above USD 2,894 with the RSI at or above 62.5 will mean price and momentum are aligned to the buy side. Downside moves that hold at or above USD 2,771 will warn that there is a higher timeframe Elliott wave cycle in play, if broken, then the probability of the futures trading to a new high will start to decrease.
- Technically bullish with a neutral bias, the MA on the RSI is indicating that momentum is weak at this point. The probability of the futures trading to a new high has started to decrease, whilst below USD 2,823.5 the intraday technical will be bearish. An intraday bullish rejection candle on the open is warning that resistance levels are vulnerable in the near-term; however, upside moves that reject the USD 2,933 level will warn that there is a larger corrective cycle in play. If broken, the technical will be back in bullish territory.

Nickel Morning Technical (4-hour)



| | Support | Resistance | Current Price | Bull | Bear |
|----|---------|------------|---------------|--------------|------|
| S1 | 16,191 | R1 | 16,315 | RSI above 50 | |
| S2 | 16,027 | R2 | | | |
| S3 | 15,955 | R3 | | | |

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA resistance band (Black EMA's)
- RSI is above 50 (55)
- Stochastic is above 50
- Price is above the daily pivot point USD 16,191
- Technically bullish but in a corrective phase yesterday, the MA on the RSI indicated that we had light momentum support; however, the RSI was below its average, warning buyside momentum was slowing. Below USD 16,027 would warn that the probability of the futures trading to a new high has started to decrease, meaning there could be a larger, bearish Elliott wave cycle in play. We noted that we were trading in the small consolidation zone that formed between the 11/12-09, meaning we did have a note of caution on downside moves.
- The futures held the consolidation zone highlighted, resulting in the futures moving higher. We are above the EMA support band with the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 16,191 with the RSI at or below 51.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 16,027 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the MA on the RSI implies that we have light momentum support. The futures are now trading back on the 200-period EMA (USD 16,315), meaning the technical is at an inflection point, as this is a benchmark average. A close above that holds above the average will support a near-term bull argument, if rejected, then support levels could come under pressure. A lower timeframe Elliott wave cycle suggests that we will trade above the average and the USD 16,400 high; however, this will put the futures in divergence on the lower timeframe, meaning we could struggle to hold above the USD 16,315 level at this point.

Lead Morning Technical (4-hour)



| | Support | Resistance | Current Price | Bull | Bear |
|----|---------|------------|---------------|--------------|------|
| S1 | 2,024 | R1 | 2,056 | RSI above 50 | |
| S2 | 1,985 | R2 | | | |
| S3 | 1,970 | R3 | | | |

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (59)
- Stochastic is above 50
- Price is above the daily pivot point USD 2,024
- Technically bearish yesterday, the MA on the RSI implied that momentum was weak, warning upside moves could struggle to hold in the near-term. However, the 1-hour RSI was in a support zone that formed between the 4th-9th/09, warning we are vulnerable to an intraday test to the upside.
- The 1-hour support zone held resulting in the futures moving higher yesterday. Price is above the EMA support band with the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 2,024 with the RSI at or below 51 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 1,985 will warn that there is a higher timeframe bullish Elliott wave cycle in play, if broken the USD 1,946 support will start to look vulnerable. Likewise, upside moves that fail at or below USD 2,064 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, the upside move yesterday is warning that the USD 2,062 fractal high could be tested and broken. However, this will create a negative divergence on the lower timeframe, implying caution on upside breakouts in the near-term, as they could struggle to hold.

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