

China

China cut the amount of cash banks must keep in reserve Friday and lowered a key policy rate, as Beijing rolls out a strong stimulus package unveiled this week in a push to shore up the slowing economy and investor confidence.

The People's Bank of China's 0.5 percentage point reduction to the reserve requirement ratio was announced earlier this week by central bank chief Pan Gongsheng, who didn't provide a timeframe.

The cut is aimed at creating a "good monetary and financial environment" for the steady growth of the Chinese economy, the PBOC said in a statement.

The central bank also trimmed seven-day reverse repurchase rate to 1.5% from 1.7% on Friday, authorities said in a separate statement, confirming the timing for another move already revealed by Pan. (Bloomberg).

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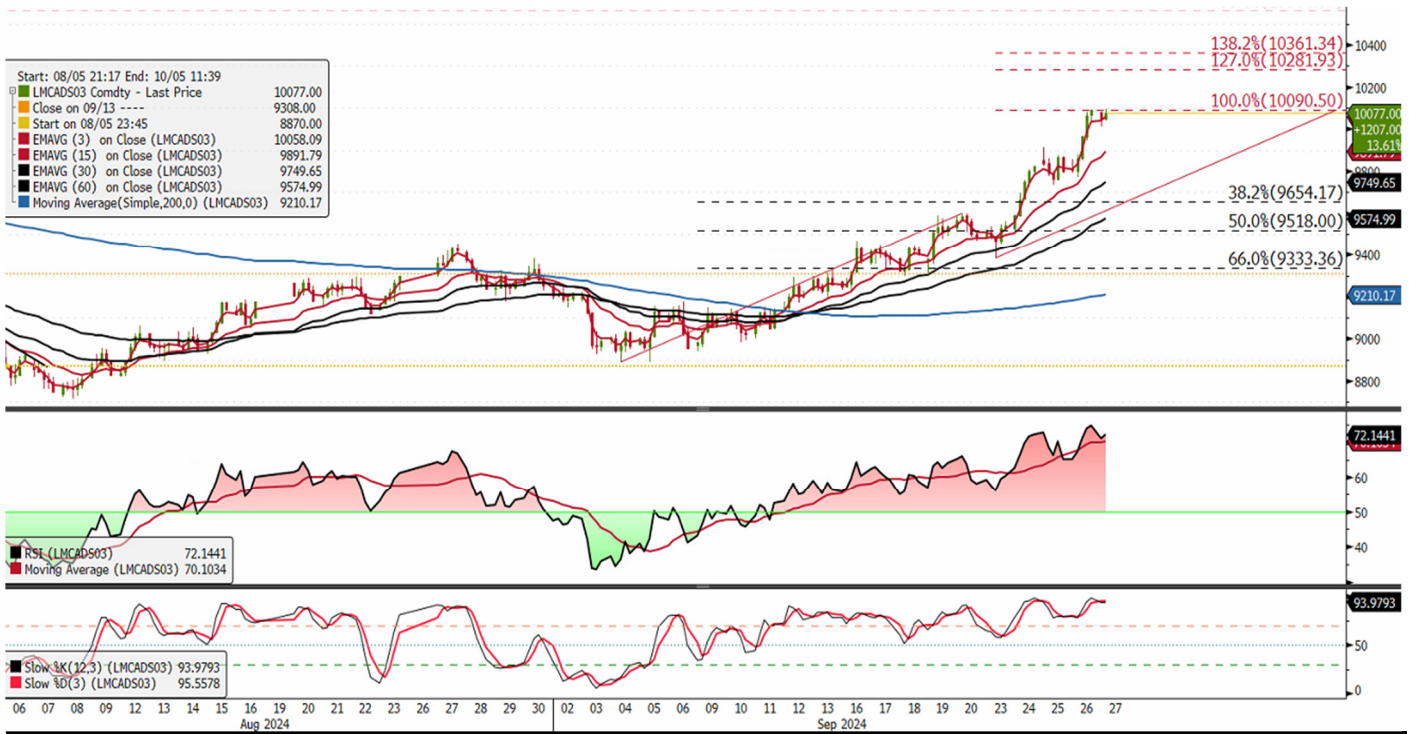
Copper was on track for its biggest weekly advance since May, after China's latest stimulus pledge and upbeat US data fueled optimism about the strength of the global economy.

The economic bellwether has jumped nearly 6% this week on the London Metal Exchange and was back above \$10,000 a ton, following China's announcement of a blitz of measures to boost growth. The vow from Beijing officials to deliver aid for its struggling real estate sector — which has long hampered the consumption of industrial metals — also bolstered the outlook.

"The macro aspects continue to remain positive with the recent policy expectations, while there's more copper destocking activity before the Chinese public holidays in October," Jinrui Futures Co. wrote in a note, adding that the rally may still have more to run.

In the US, revised data showed its economy bounced back from the pandemic stronger than initially expected, mainly supported by increased consumer-driven growth, while a decline in jobless claims also aided sentiment.

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	9,983	R1	10,077	RSI above 50	Stochastic overbought
S2	9,654	R2			
S3	9,518	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- The RSI above 50 (71)
- Stochastic is overbought
- Price is above the daily pivot point USD 9,983
- Technically bullish yesterday, the pullback previously had not deep enough to be the corrective Elliott wave 4 that we were looking for. We noted that if we traded above the USD 9,913 fractal high, then it would mean we were seeing an extension within the existing trend. We remained cautious on upside moves at these levels as the futures would be divergent above USD 9,913; based on our Elliott wave analysis, downside moves should still be considered as counter-trend.
- The futures have continued to trade higher resulting in the divergence failing, we 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 9,983 with the RSI at or below 68 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 9,333 will support a near-term bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the MA on the RSI is starting to flatten, implying buy side momentum is starting to slow, we also have a negative divergence with the RSI supporting the weakening momentum. The technical is warning that we are looking overextended to the upside in the near-term, warning we could see an intraday pullback. However, there are at least two (maybe three) bullish Elliott wave cycles on multiple timeframes is play, meaning downside moves should be considered as countertrend. We should move lower, but it is not a technical sell.

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,603	R1	2,636	RSI above 50	Stochastic overbought
S2	2,591	R2			
S3	2,588	R3			

Source Bloomberg

Synopsis - Intraday

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (69)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,591
- Technically bullish yesterday, the futures were holding above the USD 2,498 support, below this level the probability of the futures trading to a new high would start to decrease. As noted previously, if we held above the key support, then the USD 2,580 fractal high would remain vulnerable. We maintain a cautious view on upside breakouts as the futures would create a second negative divergence on a new high. Our intraday wave analysis did suggest that we have the potential to trade as high as USD 2,605 within this phase of the cycle. We were a cautious bull.
- The futures moved higher with price trading above our USD 2,605 target. Price is 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 2,591 with the RSI at or above 59 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 2,565 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the longer-term divergence is still in play (red line on chart). However, the upside move yesterday resulting in the RSI breaching the high on the 24/09, suggesting very near-term intraday downside moves should be considered as countertrend. The lower timeframe extension is warning that we could see a higher timeframe extension. Bullish, we are a little overextended, meaning we need to move lower to go higher, making USD 2,565 the key support to follow. If broken, then the probability of the futures trading to a new high will start to decrease.

Zinc Morning Technical (4-hour)



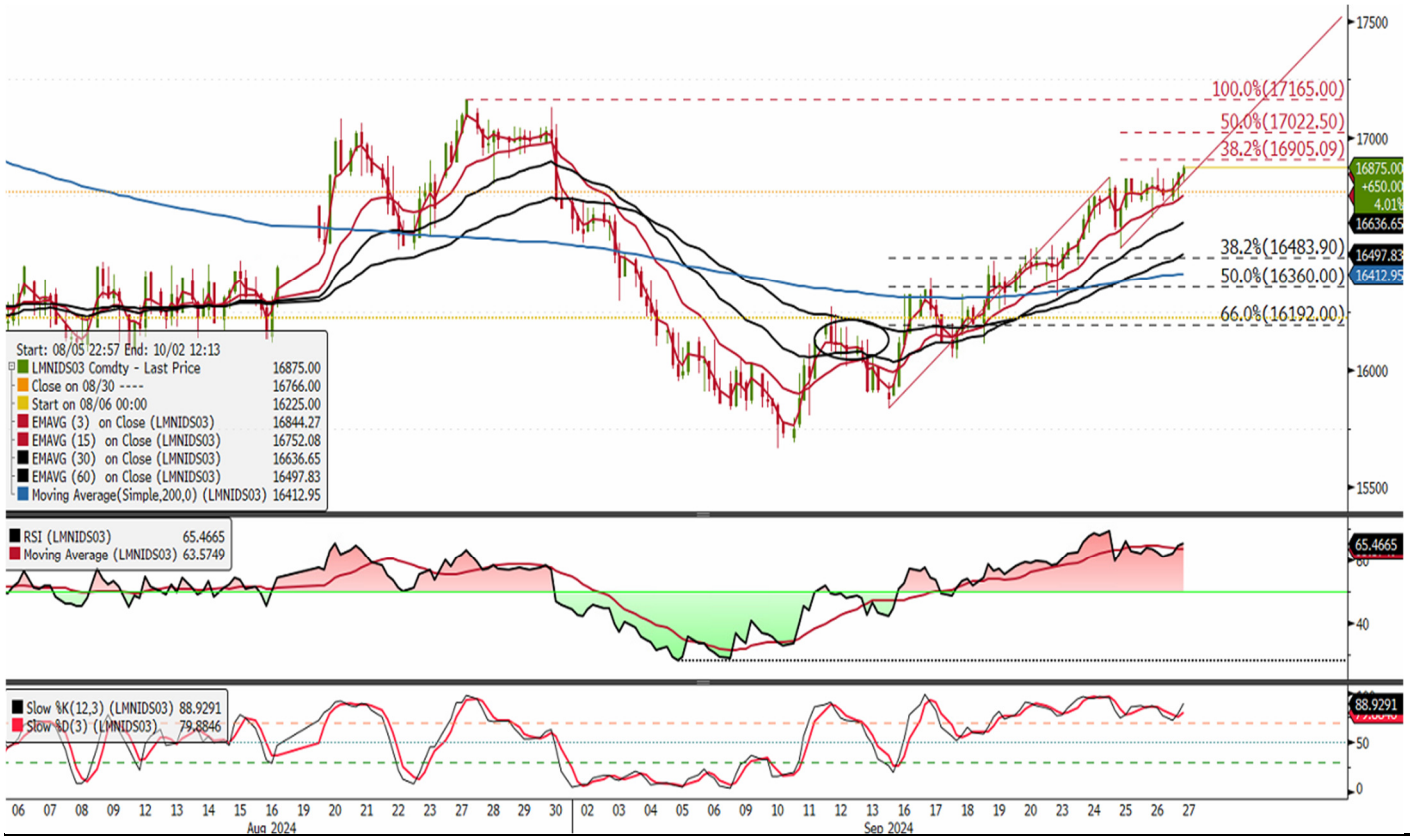
	Support	Resistance	Current Price	Bull	Bear
S1	3,061	R1	3,091	RSI above 50	Stochastic overbought
S2	3,001	R2			
S3	2,926	R3			

Source Bloomberg

Synopsis - Intraday

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (67)
- Stochastic is overbought
- Price is above the daily pivot point USD 3,061
- Technically bullish yesterday, the MA on the RSI implied that momentum was supported. Upside moves that traded above the USD 3,040 fractal high would create a negative divergence with the RSI, warning we could see a momentum slowdown, implying caution on upside breakouts. However, our intraday Elliott wave cycle is suggesting that downside moves look like they could be countertrend, making USD 2,903 the key support to follow. Below this level will mean that the probability of the futures trading at a new high would start to decrease.
- The futures pushed higher resulting in the near-term divergence failing. We remain 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 3,061 with the RSI at or above 65.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 2,926 will support a bull argument, below this level the technical will have a neutral bias.
- The futures remain bullish, the MA on the RSI is starting to flatten, implying sell side momentum is slowing down, warning we could see an intraday pullback. However, as noted previously, our lower timeframe Elliott wave analysis is suggesting that downside moves look like they could be countertrend, making USD 2,926 the key support to follow. If broken, then the probability of the futures trading to a new high will start to decrease.

Nickel Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	16,875	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 (65)
- Stochastic is overbought
- Price is above the daily pivot point USD 16,760
- Technically bullish yesterday, the MA on the RSI implied that momentum was supported; however, the RSI was below its average. Upside moves above USD 16,830 would create a negative divergence with the RSI. Not a sell signal it warned that we could see a momentum slowdown, implying caution on upside breakouts. The futures were not considered a technical buy at these levels.
- The futures remain supported having seen a very small move higher, the RSI is now in divergence. We are 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 16,760 with the RSI at or below 61.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 16,198 will warn that there is a larger, bullish Elliott wave cycle in play.
- Unchanged on the technical today. We are now in divergence, warning we have the potential to see a momentum slowdown. For this reason, the futures are not considered a technical buy at these levels, as we are now vulnerable to an intraday move lower.

Lead Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,136	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 (63)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,121
- Technically bullish yesterday, the MA on the RSI indicated that momentum was supported. However, the futures were in divergence with the RSI; not a sell signal, it warned that we could see a momentum slowdown. Due to the divergence in play, the futures are not considered a technical buy.
- The futures have seen a small move higher, we are 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 2,121 with the RSI at or below 58.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 2,089 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the futures are in divergence, warning we could see an intraday pullback. Corrective moves lower that hold at or above USD 2,089 will warn that we could see one more test to the upside. However, the recent upside moves mean that we are on a higher timeframe Elliott wave 3, implying downside moves should be considered as countertrend.

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