

## China

China's latest steps to revive the housing market have had an immediate impact, judging from reports of brisk sales and buyer interest during the nation's week-long holiday. Whether the rebound will be sustained is another matter.

Average daily sales by area in 25 cities rose 23% compared with last year's National Day celebrations, after accounting for seasonal differences, China Index Academy figures showed Tuesday. The numbers probably understate actual transactions because online deals have yet to be tallied, the analysts said.

In cities with residential projects running promotions, visits by prospective homebuyers climbed at least 50% from a year earlier, China Central Television News reported, citing the Ministry of Housing and Urban-Rural Development. About 130 cities across 20 provinces rolled out various perks to entice buyers.

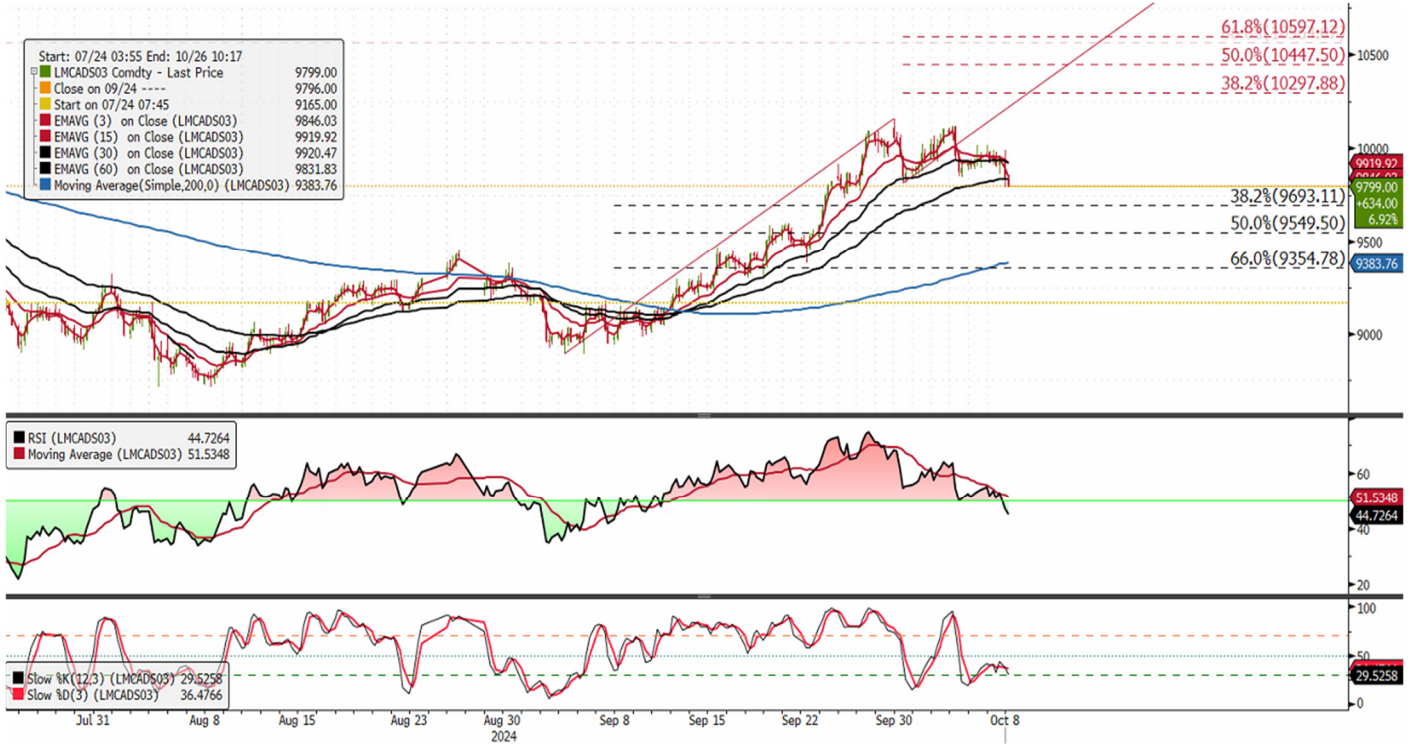
The flurry of activity came days after authorities announced a series of policies to stabilize the real estate sector, including by lowering existing mortgage rates and minimum downpayment requirements for second-home purchases. At the local level, Beijing and Shanghai were among cities that widened eligibility to purchase properties.

"Results in the core cities have surpassed expectations during the holiday, and we expect a significant growth in October sales data," said the analysts at China Index Academy. "There is also more room for easing in Beijing, Shanghai and Shenzhen, while lower-tier cities may consider increasing the amount of subsidies."

Beijing city saw expressions of intent to buy new homes double in the first three days of October, state broadcaster CCTV said. In Shenzhen, sales of new homes jumped more than 10 times in the first six days of the month, while used-home transactions more than tripled, Cailian reported, citing Shenzhen Centaline Property figures. Real estate agents in Shanghai rolled out a "no closing hour" policy after visitors increased, while some buyers in Shenzhen even paid deposits for apartments without viewing them in person, according to the Securities Times.

Still, Chinese developer shares pared gains on Tuesday as mainland trading resumed after the holiday. The Shanghai Stock Exchange Property Index had initially climbed as much as 9.8% before closing 2.3% higher after China's top economic planner refrained from unveiling fresh property measures at a closely watched news briefing. (Bloomberg).

# Copper Morning Technical (4-hour)



|    | Support | Resistance | Current Price | Bull | Bear         |
|----|---------|------------|---------------|------|--------------|
| S1 | 9,693   | R1         | 9,942         |      | RSI below 50 |
| S2 | 9,549   | R2         | 10,158        |      |              |
| S3 | 9,354   | R3         | 10,297        |      |              |

## Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- The RSI below 50 (43)
- Stochastic is below 50
- Price is below the daily pivot point USD 9,942
- Technically bullish yesterday, the futures remained in a corrective phase. The MA on the RSI indicated that momentum remained weak, warning that the USD 9,813.5 support still had the potential to be tested and broken. Our Elliott wave analysis continued to suggest that downside moves should be considered as countertrend; however, we noted that corrective phases had a tendency to consist of 3-waves (A – B – C), warning that in theory there was still potentially further downside in the near-term.
- The futures have sold below the USD 9,813.5 support, we are below all key moving averages with the RSI below 50, intraday piece and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 9,942 with the RSI at or above 54 will mean price and momentum are aligned to the buy side. Downside moves that hold at or above USD 9,354 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the futures remain in a corrective phase. The MA on the RSI is indicating that momentum remains weak, suggesting the USD 9,693 – USD 9,549 support zone could come under pressure. As notes previously, this is the 38.2% - 50% Fibonacci retracement area, a common place for a corrective wave 4's to terminate. If we do trade below the USD 9,354 level, then the probability of the futures trading to a new high will start to decrease.

# Aluminium Morning Technical (4-hour)



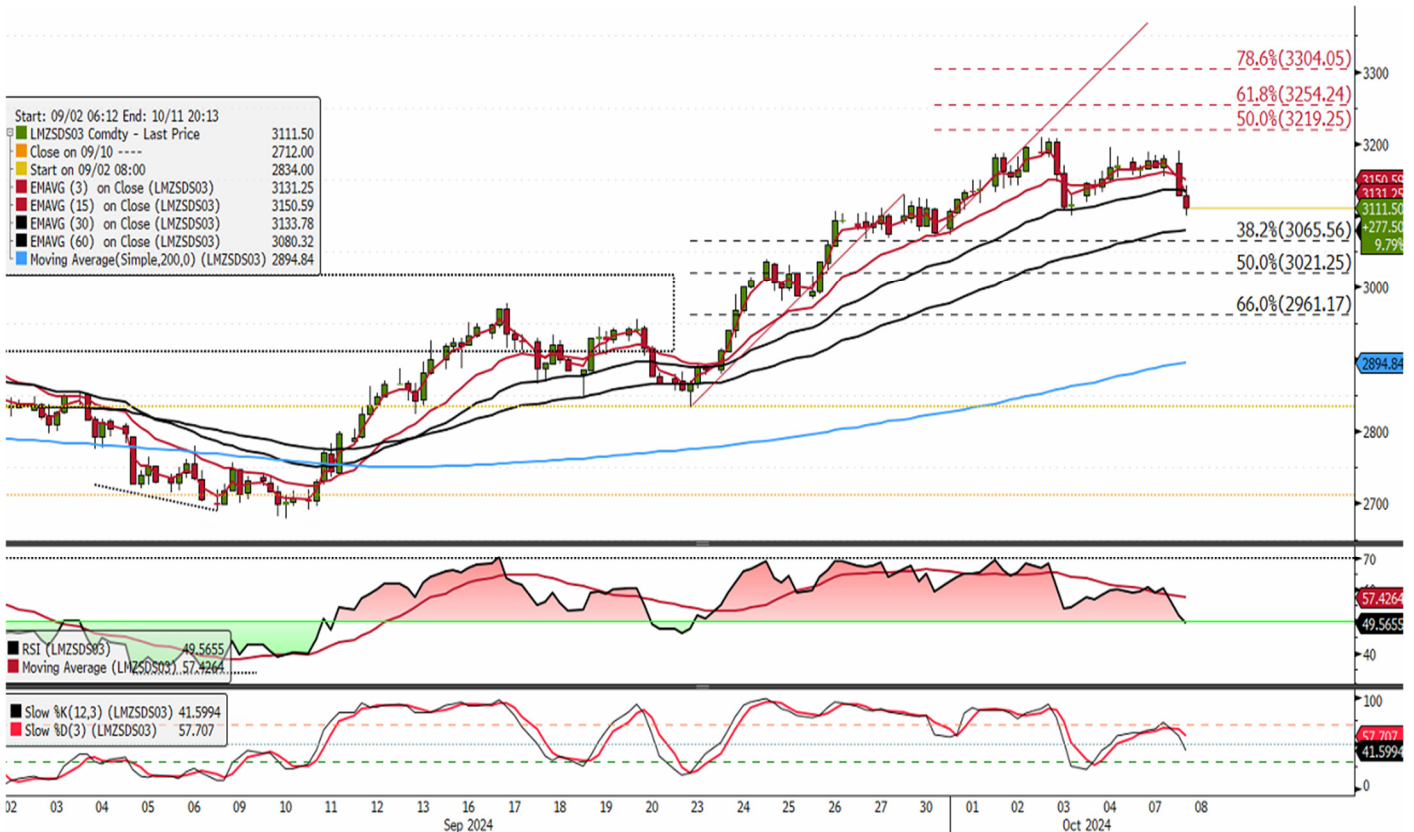
| Support | Resistance | Current Price | Bull | Bear         |
|---------|------------|---------------|------|--------------|
| S1      | R1         | 2,613.5       |      | RSI Below 50 |
| S2      | R2         |               |      |              |
| S3      | R3         |               |      |              |

Source Bloomberg

## Synopsis - Intraday

- Price is above the EMA support band (Black EMA's)
- RSI is below 50 (47)
- Stochastic is below 50
- Price is below the daily pivot point USD 2,654
- Technically bullish with a neutral bias previously. As noted last week, there was still the potential for one more test to the upside; however, due to the move below USD 2,622 the probability of this happening had started to decrease, meaning we remained cautious on upside moves, as the futures were on an Elliott wave 5. The RSI was rejecting its MA, meaning momentum was still weak, warning that the USD 2,606 fractal low from Thursday was looking vulnerable.
- The futures are selling lower with fractal support looking like it will be tested and broken. We are between the 8-21 period EMA's with the RSI below 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle, above USD 2,654 with the RSI at or above 57.5 will mean price and momentum are aligned to the buy side.
- Technically bullish but in a corrective phase, the MA on the RSI is indicating that momentum is weak, implying the USD 2,606 fractal support will be broken. If it is, then the USD 2,585 support is likely to follow, as it now looks like the bullish wave cycle has completed. The futures are not considered a technical buy, as the momentum and the wave cycle indicate we could soon be in bearish territory.

# Zinc Morning Technical (4-hour)



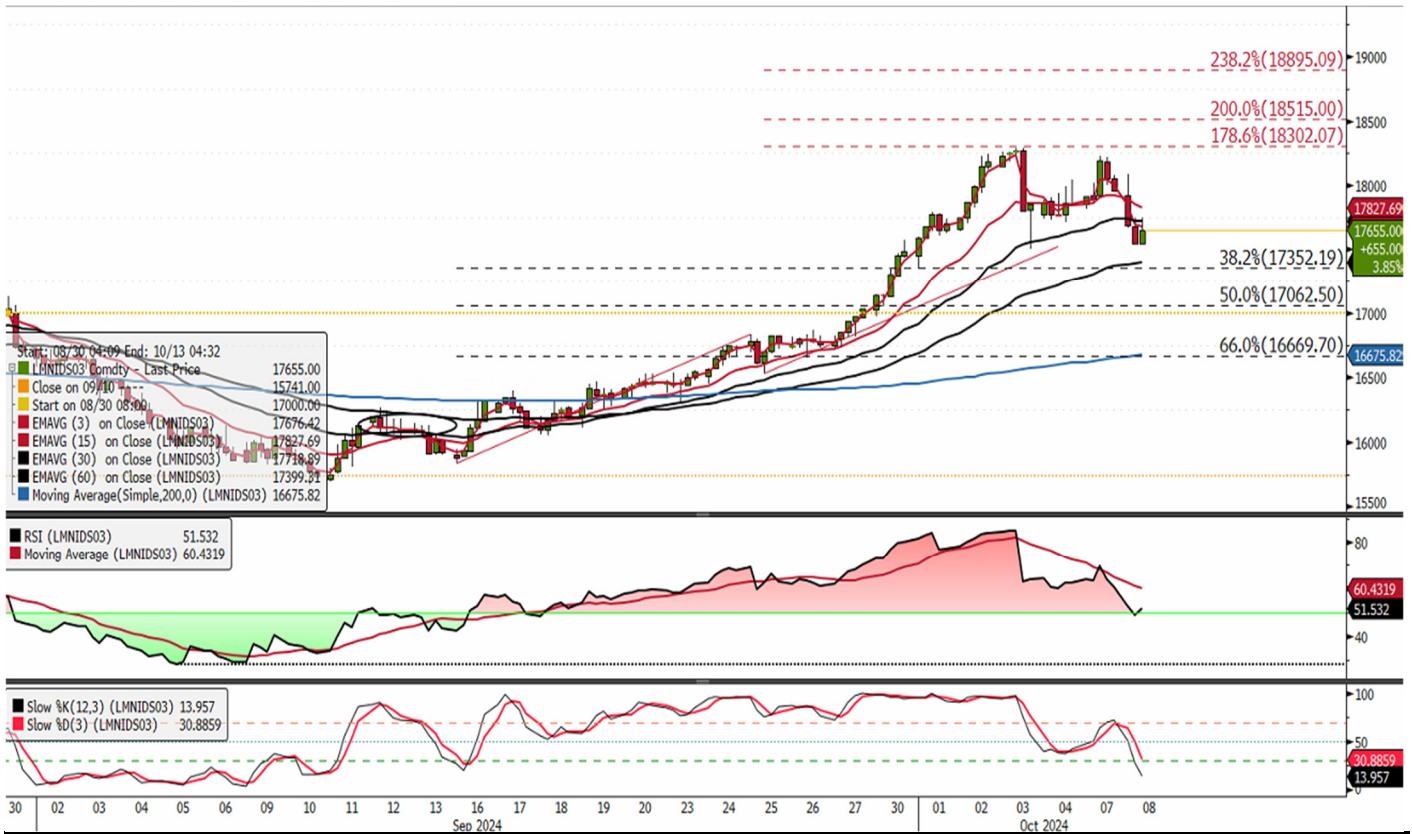
|    | Support | Resistance | Current Price | Bull | Bear         |
|----|---------|------------|---------------|------|--------------|
| S1 | 3,065   | R1         | 3,174         |      | RSI below 50 |
| S2 | 3,021   | R2         | 3,219         |      |              |
| S3 | 3,961   | R3         | 3,254         |      |              |

Source Bloomberg

## Synopsis - Intraday

- Price is between the EMA support band (Black EMA's)
- RSI is below 50 (49)
- Stochastic is above 50
- Price is below the daily pivot point USD 3,174
- Technically bullish yesterday, the MA on the RSI continued to warn that momentum was weak. As noted last week, the futures looked to have entered a corrective Elliott wave 4, which should in theory be countertrend, making USD 2,961 the key support to follow. The RSI looked to be in the process of rejecting its MA; if price and momentum became aligned to the sell side, it would warn that there remained further downside within the corrective phase, leaving the USD 3,100 fractal low from Thursday vulnerable.
- The futures continue to sell lower with price now trading in the EMA support band with the RSI near-neutral at 49, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 3,161 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 2,961 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the futures remain in a corrective phase with the MA on the RSI implying that momentum is weak, warning support levels remain vulnerable in the near-term. However, our intraday Elliott wave analysis is suggesting that the move lower looks to be a countertrend wave 4, meaning there should be a bullish wave 5 to follow. Key support is at USD 2,961, a move below this level will warn that the probability of the futures trading to a new high has started to decrease, implying there is a higher chance of the Elliott wave cycle failing.

# Nickel Morning Technical (4-hour)



| Support | Resistance | Current Price | Bull         | Bear |
|---------|------------|---------------|--------------|------|
| S1      | R1         | 17,655        | RSI above 50 |      |
| S2      | R2         |               |              |      |
| S3      | R3         |               |              |      |

## Synopsis - Intraday

Source Bloomberg

- Price is between the EMA support band (Black EMA's)
- RSI is above 50 (51)
- Stochastic is below 50
- Price is on below the daily pivot point USD 17,993
- Unchanged on the technical yesterday, we remained bullish with downside moves considered as countertrend. As noted last week, lower timeframe oscillators were yet to confirm that this was the corrective wave that we are looking for (the oscillators are lagging indicators). If we moved higher, before we saw a bearish cross, then it would suggest that the move was part of the existing lower timeframe bull trend.
- The futures have sold lower, confirming we are in what looks to be a countertrend Elliott wave 4. Price is between the EMA support band with the RSI near-neutral at 49, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 17,993 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 16,669 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish but in a corrective phase, the MA on the RSI is implying that momentum is weak, warning support levels remain vulnerable at this point. Key support to follow is at USD 16,669, a move below this level will warn that the probability of the futures trading to a new high has started to decrease. We are in the EMA support band; however, we remain above the USD 17,505 fractal support from the 03/10, suggesting there is still further downside to come.

# Lead Morning Technical (4-hour)



|    | Support | Resistance | Current Price | Bull | Bear         |
|----|---------|------------|---------------|------|--------------|
| S1 | 2,092   | R1         | 2,162         |      | RSI below 50 |
| S2 | 2,072   | R2         |               |      |              |
| S3 | 2,055   | R3         |               |      |              |

## Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (44)
- Stochastic is below 50
- Price is below the daily point (USD 2,154)
- Unchanged on the technical yesterday, we remained bullish with the futures trading to a new high. However, as highlighted on Friday, this had created another negative divergence with the RSI. Not a sell signal it warned that we could see a momentum slowdown, which needed to be monitored. Our Elliott wave analysis continued to suggest that we have the potential to trade as high as USD 2,216 within this phase of the cycle. However, the divergence warned that the move could struggle to hold.
- The futures have sold lower on the back of the divergence, resulting in price moving below the EMA support band. The RSI is below 50 with price and momentum aligned to the sell side.
- A close on the 4-hour candle above USD 2,154 with the RSI at or above 58 will mean price and momentum are aligned to the buy side. Upside moves that fail at or below USD 2,144 will leave the futures vulnerable to further tests to the downside.
- Technically bullish with a neutral bias, the probability of the futures trading to a new high has started to decrease. The MA on the RSI is implying we have light momentum weakness, whilst the depth of the pullback is suggesting that the bullish Elliott wave cycle looks to have completed, warning that the USD 2,092 fractal support will be tested and broken. If it is, then the technical will be bearish.

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