



China Story: Unveiling a Fresh Rally

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Copper Fundamental Update

- Copper prices surged to their highest in two months after China unveiled a slate of economic support measures to aid its struggling economy
- Following the Fed's major rate cut of 50 bps, PBoC gained flexibility to reduce its own rates and boost economic growth in response to deflationary pressures
- 14-day reverse repo rate were reduced by 10 bps to 1.85%, injecting 74.5 billion Yuan
- 1-year MLF was also reduced to 2.0% from 2.3%, injecting 300-billion-Yuan worth of liquidity
- LPR rates were unchanged at the September meet after a 10bps cuts in the 1 year and 5 year rates which were made earlier in July, in a continued effort to revive the economy
- PBoC indicated to implement more cuts to its Reserve Requirement Ratio by 50 bps by the end of this year
- 7 –day reverse repo rate would also be trimmed to 1.5% from 1.7%
- SHFe Copper Inventories have decreased almost 30% MoM and 11% WoW, indicating strong demand
- Iron ore prices also rose after PBoC announcements, buoying industrial demand outlook
- The current upside will prove to be sustainable, backed by the central banks efforts to stimulate the economy along with continuous downward trend in inventories
- Copper has been swinging sharply within a broad range, and these stimulus measure could act as a base to sustain positive momentum.

MCX Copper Technical Update



- MCX Copper on the daily chart has convincingly given a break above its medium term consolidation resuming uptrend
- Prices have been dwelling around 200 Day SMA Level for a while followed by a bullish breakaway gap
- We recommend to create long positions at Rs. 836 and accumulate on dip towards support of Rs. 824 with a stop loss below Rs. 811 level on closing basis with an expected target towards Rs. 860 and Rs. 885 as an extended target.

LME Copper Technical Update



- On the daily chart in LME Copper, prices broke out of its broader range, completing a base formation
- It has formed higher high and higher low structure after a prolonged fall indicating change in the trend
- We recommend to create long positions at \$9740 and accumulate on dip towards \$9600 with a stop loss below \$9445 level on closing basis with expected target towards \$10020 and \$10300 respectively.



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