



# Base Metals Technical Report

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## Copper—Rolling 3 month



	Support	Resistance	Current Price	Bull	Bear
S1	7,931	R1	8,117	RSI above 50	
S2	7,705	R2			
S3	7,635	R3			

### Synopsis

Chart source Bloomberg

- Price is above the 8—21 period EMA's
- RSI is above 50 (59)
- Price is above all key moving averages whilst making higher highs and higher lows
- Elliott wave analysis would suggest the upside move between October to Feb could potentially be a wave 3 of a much larger cycle
- Based on the current technical the futures look to be entering an Elliott wave 5 of the larger wave 3, as highlighted on the chart. The current upside move needs to trade above the USD 8,238 level to confirm that we are on an Elliott 5th wave of this phase
- Above the USD 8,238 level the futures and the RSI have the potential to create a negative divergence warning of the potential for a momentum slowdown
- The RSI is in bullish territory with the stochastic leaving oversold territory. At this point momentum is supporting a test to the upside
- Fibonacci projections based on the current wave 3 would suggest near-term resistance starts at USD 8,446 (providing we make a new high) with a potential upside target using the Bill Williams method at USD 8,911. If achieved this would mean the wave 3 would be longer in length than the initial wave 1
- Downside moves that trade below the USD 7,705 level before we make a new high would indicate we remain in the corrective wave 4 of the larger wave 3.
- The technical looks like it is in the early stages of an Elliott wave 5 of this phase. Key support is at USD 7,705 and a potential upside target at USD 8,911

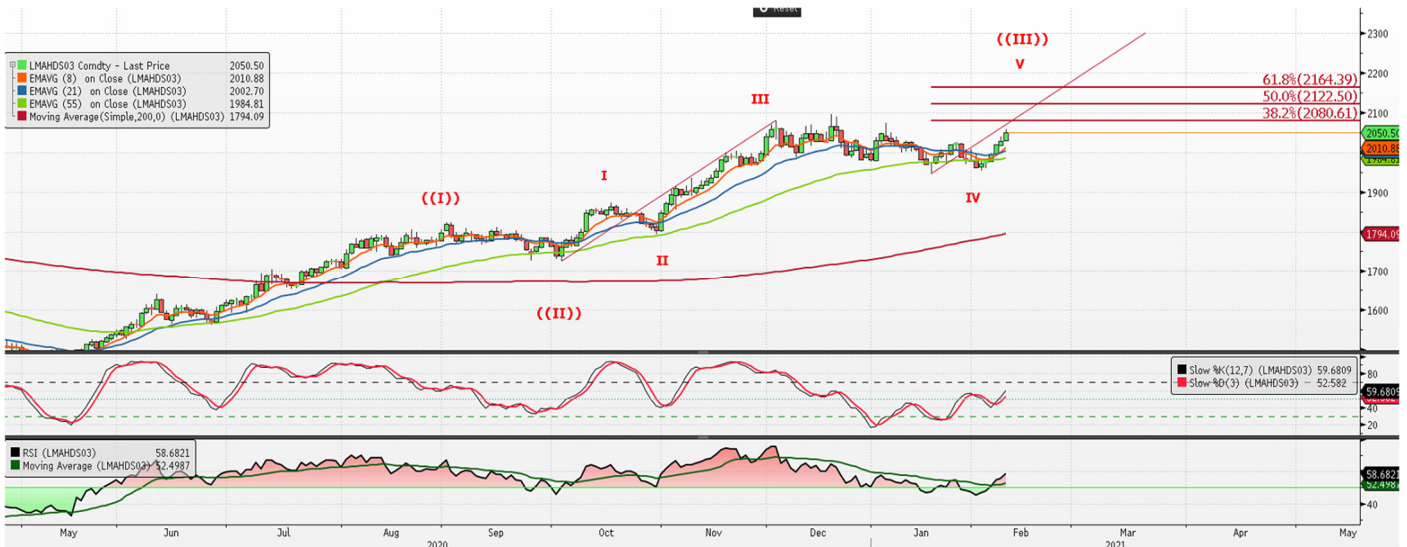
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## Aluminium—Rolling 3 month



	Support	Resistance	Current Price	Bull	Bear
S1	1,984	R1	2,054	RSI above 50	
S2	1,953	R2			
S3	1,945	R3			

### Synopsis

- Price is above the 8—21 period EMA's
- RSI is above 50 (60)
- Having broken the 55 period moving average to the downside the futures have moved higher and are now above all key moving averages
- As previously highlighted the futures remain in an extended Elliott wave 3. The internal wave count of the wave 3 would suggest we could be in the early stages of a bullish impulse wave 5
- Confirmation that we have entered a wave 5 of this phase will come from the futures trading above the USD 2,096. Upside moves that fail to make a new high would imply that we remain in a corrective phase
- Upside moves that trade above the USD 2,096 level could create a negative divergence with the RSI. The divergence is not a sell signal, they can and do fail, it is a warning that we have the potential to see a momentum slowdown
- Both the RSI and the stochastic are now above 50. Momentum indicators are supporting a bullish move at this point
- Fibonacci projections based on the upside moves from October to December would suggest that resistance starts at USD 2,080, with a possible upside target at USD 2,122
- Downside moves that trade below the USD 1,953 level would break fractal support and create a lower low in the market, warning the technical is in a corrective phase
- Based on the Elliott wave structure as we interpret, it looks like we are in the 5th wave of a larger wave 3 (as highlighted on the chart). Key support is at USD 1,953 with the potential upside target at USD 2,164

Chart source Bloomberg



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## Zinc—Rolling 3 month



Support	Resistance	Current Price	Bull	Bear
S1	2,642	R1	2,721	
S2	2,546	R2	2,777	
S3	2,515	R3	2,821	
		2,682	Stochastic oversold	RSI below 50

### Synopsis

- Price is between the short and medium-term averages
- RSI is below 50 (49)
- Unlike the Copper and the Aluminium technical the Zinc chart looks like we have already seen wave completion. The fractal footprint is currently bearish with the market making lower highs and lower lows. However the intraday footprint is bullish
- The RSI is neutral with the stochastic leaving oversold territory, if the RSI goes above and holds above the 50 level the bullish momentum argument is strengthened
- Upside moves that fail at or below the USD 2,777 level would leave the technical vulnerable to further tests to the downside. Above the level the upside moves is deep into the last bear wave meaning the technical is considered as neutral
- Downside moves below the USD 2,642 level would warn that the technical is weakening based on price
- Upside moves that trade above the USD 2,747 level would create a higher high and support a bullish argument. However, this could still potentially be a countertrend wave B.
- Price is now between the averages suggesting we have found value, the RSI is above the moving average but at 50, meaning momentum is improving but is not yet bullish. The technical is corrective and vulnerable at the moment, the cycle is also out of line with Copper, Aluminium and Rebar. If the commodity complex is bullish then the initial move between March 20—Jan 21 could be the first wave of a much larger trend. At this point the upside moves looks to be a countertrend wave B making the USD 2,777—USD 2,821 resistance zone a key area to follow
- This technical is improving but the longer-term trend is not considered as bullish at this point

Chart source Bloomberg

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