



Base Morning Technical Report

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Cu

Copper traded near its lowest close since mid-April as falling stockpiles in China fueled hopes that demand is starting to recover after an unusually slow second quarter.

Data from Shanghai Metals Market showed inventory in Shanghai and Guangdong — two major consumption hubs — have dropped by more than 40,000 tons since this year's peak on June 6. Volumes remain high, but the decline is a sign that factories are starting to purchase again after holding off as copper surged to a record last month.

"Chinese fabricators are starting to take some deliveries, leading to a withdrawal of inventories," Chaos Ternary Research Institute said in a note. "There will be period for prices to rebound, or at the very least the declines will not worsen." (Bloomberg).

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	9,687	R1	9,730.5		RSI below 50
S2	9,567	R2			
S3	9,496	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- The RSI below 50 (43)
- Stochastic is below
- Price is above the daily pivot point USD 9,687
- Technically bearish yesterday, the MA on the RSI was flat, indicating that momentum was neutral. We had broken to the downside resulting in a positive divergence with the RSI, not a buy signal, it warned that we could see a momentum slowdown which will need to be monitored. Due to the divergence, we were cautious on downside moves.
- The futures traded to a low of USD 9,857 before finding buyside support on the back of an intraday bullish rejection candle. We are below the EMA resistance band with the RSI below 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 9,687 with the RSI at or below 39.5 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 9,868 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. Downside moves that hold at or above USD 9,567 will support a longer-term bull argument, if broken, then the higher timeframe Elliott wave cycle will have a neutral bias.
- Technically bearish, the futures are moving higher on the back of the positive divergence with the RSI. The MA on the RSI is flat, implying momentum is neutral; a close on the daily chart above the weekly pivot level (USD 9,822) will imply buyside pressure is increasing, whilst a close above the trend resistance (USD 9,885) will further support a buyer's argument. Due to the divergence now in play, the futures are not considered a technical sell at these levels, as resistance levels look like they could come under further pressure.

Aluminium Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,506.5	Stochastic oversold	RSI below 50
S2	R2			
S3	R3			

Source Bloomberg

Synopsis - Intraday

- Price is below the EMA Resistance band (Black EMA's)
- RSI is below 50 (39)
- Stochastic is oversold
- Price is above the daily pivot point USD 2,502
- Technically bearish yesterday, the MA on the RSI was starting to flatten, implying momentum was turning neutral. The new low in the futures meant that we were in divergence with the RSI, not a buy signal, it warned that sell side momentum could start to slow. Intraday Elliott wave analysis suggested that we had a potential downside target at USD 2,418; however, due to the divergence, we had a note of caution on moves lower.
- We traded to low of USD 2,476.5 before finding light bid support due to the positive divergence with the RSI. We remain below all key moving averages supported by the RSI below 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle above USD 2,502 with the RSI at or above 41.5 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.
- Technically bearish, we now have divergences on the 4-hour and lower timeframe charts, implying caution on downside moves. A close on the daily chart above USD 2,523.5 (the high of the rejection candle on the daily chart yesterday 18/06) will indicate that buy side pressure is increasing, this will be further compounded if we close above the weekly pivot level (USD 2,538). The MA on the RSI is warning that momentum remains weak; however, due to the divergence in play and the daily rejection candle, we are cautious on downside moves as the technical is starting to show signs that sell side momentum is exhausting.

Zinc Morning Technical (4-hour)



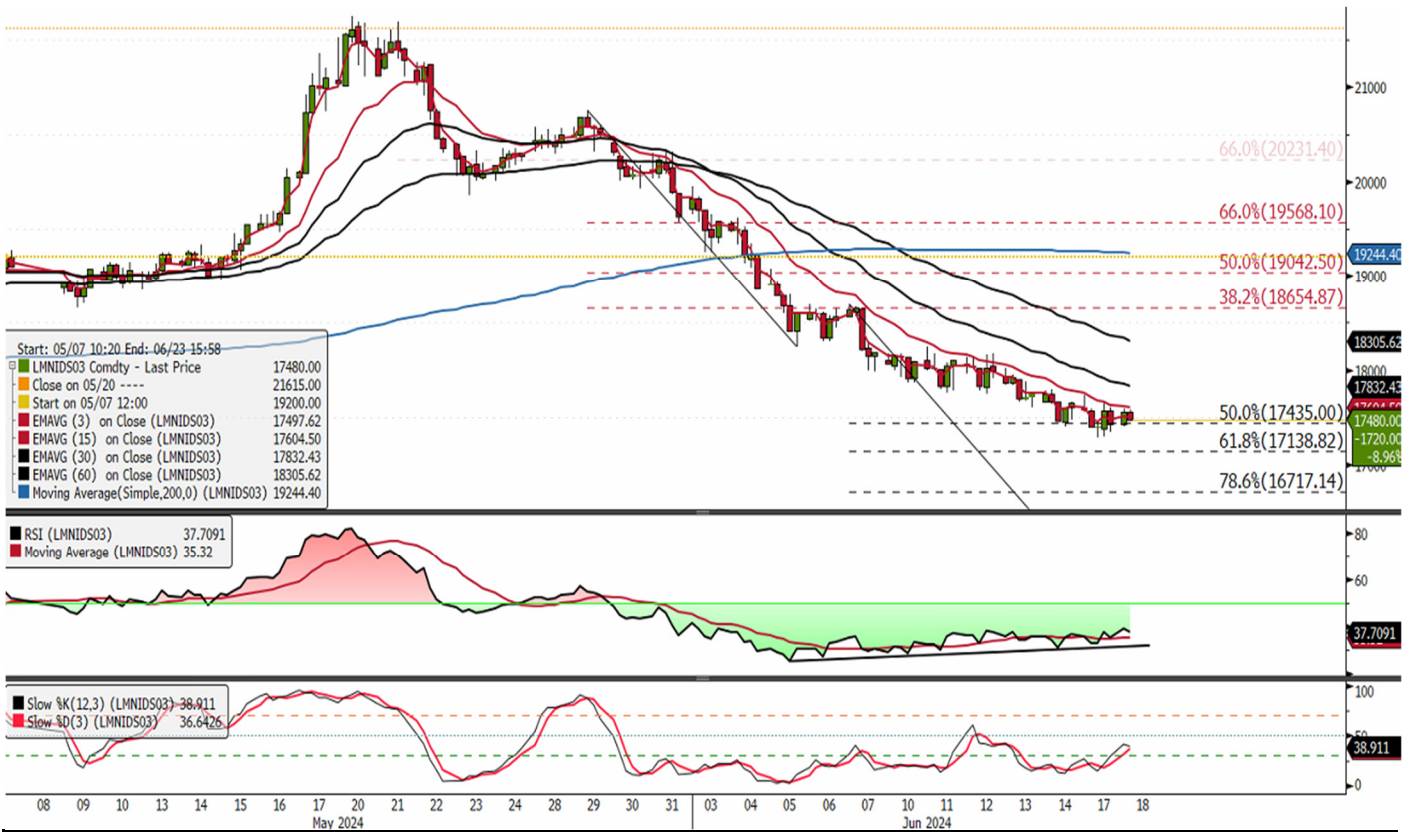
	Support	Resistance	Current Price	Bull	Bear
S1	2,801	R1	2,837.5		RSI below 50
S2	2,758	R2			
S3	2,675	R3			

Synopsis - Intraday

Source Bloomberg

- Price is between the EMA resistance band (Black EMA's)
- RSI is below 50 (48)
- Stochastic is above 50
- Price is above the daily pivot point USD 2,801
- Technically bearish yesterday, the MA on the RSI was flat, implying momentum was neutral; however, we had a 3-wave corrective pattern higher with price trading below our near-term fractal support (USD 2,767), suggesting the USD 2,737.5 low would be tested and broken. If it was, then the futures would be in divergence with the RSI, suggesting caution on downside breakouts whilst the divergence was in play.
- The future traded to a low of USD 2,757.5 before finding buy-side support, meaning the USD 2,737.5 fractal support was not tested. We are now trading in the EMA resistance band having closed above the weekly pivot level (USD 2,809), buy-side pressure is increasing, but the resistance band should not be ignored. The RSI is still below 50, but price and momentum are aligned to the buy-side.
- A close on the 4-hour candle below USD 2,801 with the RSI at or below 41.5 will mean price and momentum are aligned to the sell side. Upside moves that trade above USD 2,930 will mean the intraday technical is bullish based on price.
- Technically bearish, the futures have failed to make a new low. The MA on the RSI is flat, implying momentum is neutral with price trading back in the EMA resistance band, implying caution on upside moves in the near-term. As noted last week, if we trade above USD 2,930 before trading to a new low, then the corrective phase has the potential to become more complex, making USD 3,032 the key resistance to follow. Upside moves that reject this level will warn that there could be a larger bearish wave cycle in play, if broken, then the probability of the futures trading to a new low will start to decrease. Likewise, if we trade below USD 2,737.5 before trading above USD 2,930, it will suggest that the downside corrective phase has completed. I thought we would trade to a new low yesterday, I maintain a view that support levels remain vulnerable whilst below USD 2,930.

Nickel Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	17,480		RSI below 50
S2	R2			
S3	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (37)
- Stochastic is below 50
- Price is above the daily pivot point USD 17,485
- Unchanged on the technical yesterday, the MA on the RSI was flat, indicating momentum was neutral. The RSI was still divergence with price, meaning we maintained a cautious view on downside moves at these levels.
- The futures traded to a low of USD 17,285 before finding light bid support. We are below all key moving averages with the RSI below 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 17,485 with the RSI at or below 33 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 19,568 will leave the futures vulnerable to further tests to the downside. Note, this level has been revised higher due to a lower timeframe Elliott wave extension.
- Technically bearish, the futures remain in divergence with the RSI, meaning we remain cautious on downside moves at this point. However, as noted above, we are seeing a lower timeframe Elliott wave extension, meaning intraday upside moves now look like they will be countertrend.

Lead Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	2,159	2,162		RSI below 50
S2	2,143			
S3	2,112			
	R1	2,214		
	R2	2,242		
	R3	2,263		

Source Bloomberg

Synopsis - Intraday

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (44)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,159
- Technically bearish yesterday, the MA on the RSI implied that we had light momentum support. We maintained a cautious view on downside moves due to the divergence that was in play. We also noted that the daily 200-period MA is at USD 2,144, the move lower on Friday failed to close below the average, implying we are seeing higher timeframe buyside support. For downside continuation, the daily futures would need to close below and hold below the average. A cautious bear at these levels.
- The futures have traded and tested but remain below the EMA resistance band. The RSI is below 50 with intraday price and momentum aligned to the buyside.
- A close on the 4-hour candle below USD 2,159 with the RSI at or below 38 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 2,263 (revised higher) will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, the futures are moving high on the back of the positive divergence with the RSI and daily 200-period MA support. However, there looks to be a small Elliott wave extension to the downside, meaning we could have one more move lower before this phase of the cycle completes. Momentum is now conflicting, as the MA on the RSI implies it is supported but the RSI is below 50 whilst the stochastic is overbought, suggesting we go lower. Based on the wave extension, we could see in more test to the downside; However, the futures are likely to be divergence again, indicating caution on downside breakouts below USD 2,128.5.

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