



Base Morning Technical Report

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Cu

Chinese copper exports hit a record last month, as poor demand at home forced traders to seek markets overseas for their surplus.

Exports of unwrought copper and products in May doubled from the previous year to nearly 150,000 tons, just topping the previous high reached in 2012, according to the latest customs data.

it's a dynamic that has played out across commodities markets where China is the dominant supplier, from aluminum to animal feed. Producers have been locked in deflation for much of the past two years due to a tepid economy, opening up opportunities abroad where prices are higher, but also provoking trade tensions for items like steel (Bloomberg).

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	9,675	R1	9,718.5		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 (45)
- Stochastic is above 50
- Price is above the daily pivot point USD 9,675
- Technically bearish yesterday, the futures were moving higher on the back of the positive divergence with the RSI. The MA on the RSI was flat, implying momentum was neutral; a close on the daily chart above the weekly pivot level (USD 9,822) would imply buyside pressure was increasing, whilst a close above the trend resistance (USD 9,885) would further support a buyer's argument. Due to the divergence in play, the futures were not considered a technical sell at these levels, as resistance levels looked like they could come under further pressure.
- The futures traded to a low of USD 9,551 but the move failed to hold due to the divergence, price is now trading just below yesterday's values. 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 9,675 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 9,856 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, the longer-term Elliott wave cycle now has a neutral bias due to the USD 9,567 support being breached. The MA on the RSI is flat indicating momentum is neutral; however, we remain in divergence with the RSI. Not a buy signal, it is a warning that we could see a momentum slowdown which will need to be monitored. Like yesterday, due to the divergence now in play, the futures are not considered a technical sell at these levels.

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,495	R1	2,495		RSI below 50
S2	2,451	R2			
S3	2,418	R3			

Source Bloomberg

Synopsis - Intraday

- Price is below the EMA Resistance band (Black EMA's)
- RSI is below 50 (39)
- Stochastic is below 50
- Price is on the daily pivot point USD 2,495
- Technically bearish yesterday, we had 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) would indicate that buy-side pressure was increasing, this would be further compounded if we closed above the weekly pivot level (USD 2,538). The MA on the RSI warned that momentum remained weak; however, due to the divergence in play and the daily rejection candle, we were cautious on downside moves as the technical was starting to show signs that sell-side momentum was exhausting.
- The futures traded top a low of USD 2,470, but the move failed to hold due to the divergences in play. We remain below all key moving averages with the RSI below 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle above USD 2,495 with the RSI at or above 40.5 will mean price and momentum are aligned to the buy-side; likewise, a close below this level with the RSI at or below 36 will mean it is aligned to the sell-side. Upside moves that fail at or below USD 2,549 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, the MA on the RSI is flat, implying momentum is neutral. We remain in divergence with the RSI on multiple intraday timeframes, not a buy signal, it is a warning that we have the potential to see a momentum slowdown, which will need to be monitored. With the downside moves failing to hold yesterday, we now have two small rejection candles on the daily chart, implying sell-side momentum is slowing based on price. A close on the daily chart above USD 2,520 (the high of yesterday's low candle), will imply that buy-side pressure is increasing. Based on the divergence and rejection candles, the futures are not considered a technical sell at these levels.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,829	R1	2,888	RSI above 50	Stochastic overbought
S2	2,809	R2	2,899.5		
S3	2,737.5	R3	2,930		

Synopsis - Intraday

Source Bloomberg

- Price is between the EMA resistance band (Black EMA's)
- RSI is above 50 (52)
- Stochastic is above 50
- Price is above the daily pivot point USD 2,829
- Technically bearish yesterday, the futures had failed to make a new low. The MA on the RSI was flat, implying momentum was neutral, whilst price was trading back in the EMA resistance band, implying caution on upside moves in the near-term. We noted last week that if we traded above USD 2,930 before trading to a new low, then the corrective phase had the potential to become more complex, making USD 3,032 the key resistance to follow. Upside moves that rejected this level would 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 would start to decrease. Likewise, if we traded below USD 2,737.5 before trading above USD 2,930, it would suggest that the downside corrective phase has completed. I maintained a view that support levels remained vulnerable whilst below USD 2,930.
- The futures traded to a low of USD 2,757.5 in the morning, before trading higher into the US close. Bid support in the Asian day session means that we are trading at the top of the EMA resistance band, the RSI is above 50 with price and momentum aligned to the buyside.
- A close on the 4-hour candle below USD 2,829 with the RSI at or below 44 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 are consolidating between USD 2,737.5 – USD 2,899.5, implying price action is neutral. However, the MA on the RSI is implying that momentum is supported, with the RSI now moving above the 50 level. If we trade above USD 2,930, it will warn that the corrective phase has the potential to become more complex; likewise, below USD 2,737.5 the futures will be in divergence with the RSI, implying the corrective phase is nearing exhaustion. Like yesterday, we maintain a view that support levels are vulnerable whilst below USD 2,930.

Nickel Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	17,275	Stochastic oversold	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 (36)
- Stochastic is oversold
- Price is below the daily pivot point USD 17,380
- Technically bearish yesterday, the futures remained in divergence with the RSI, meaning we remained cautious on downside moves. However, as noted previously, we were seeing a lower timeframe Elliott wave extension, meaning intraday upside moves now look like they would be countertrend.
- The futures had another small move lower yesterday before basing around the USD 17,200 low. We are below all key moving averages supported by the RSI below 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle below USD 17,380 with the RSI at or below 33.5 will mean price and momentum are aligned to the sell side; likewise, a close above this level with the RSI at or above 38 will mean it is aligned to the buy side. Upside moves that fail at or below USD 19,508 will leave the futures vulnerable to further tests to the downside.
- Technically bearish, the MA on the RSI is warning that momentum is supported whilst the RSI is in divergence. This suggests caution on downside moves in the near-term; however, as highlighted yesterday, we are looking at an Elliott wave extension to the downside, implying intraday moves higher should be considered as countertrend at this point.

Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,198	R1	2,233	RSI above 50	Stochastic overbought
S2	2,183	R2			
S3	2,166	R3			

Source Bloomberg

Synopsis - Intraday

- Price is above the EMA resistance band (Black EMA's)
- RSI is above 50 (59)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,183
- Technically bearish yesterday, the futures were moving high on the back of the positive divergence with the RSI and daily 200-period MA support. We noted that there looked to be a small Elliott wave extension to the downside, meaning we could have one more move lower before this phase of the cycle completed. Momentum was conflicting, as the MA on the RSI implied it was supported but the RSI was below 50 whilst the stochastic was 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.
- The futures failed to move lower with price seeing strong buy-side support into the US close and Asian day session. We are above the EMA resistance band with the RSI above 50, intraday price and momentum are aligned to the buy-side.
- A close on the 4-hour candle below USD 2,183 with the RSI at or below 44 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 2,242 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically we are bearish, the MA on the RSI is implying momentum is supported with the RSI making new highs, suggesting intraday support levels should hold if tested. We remain below the USD 2,242 resistance (note: I had USD 2,263 yesterday, this was an error, it should have been the 66% retracement level), meaning in theory we are still vulnerable to a move lower. We noted yesterday that there looked like there could be one more move lower, as there had been an Elliott wave extension to the downside. In theory this is still the case; however, the RSI high and momentum support is warning that the USD 2,242 resistance could now be tested and broken. We are more neutral today, as the upside move has been higher than expected.

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