



Base Morning Technical Report

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Copper fell for a third day as investors weighed China's demand outlook after data showed deflationary pressures continuing to impede an economic recovery in the biggest market.

China's consumer prices eked out another small gain in June, but the index stayed near zero for a fifth month and below a median forecast of 0.4%, according to data from National Bureau of Statistics on Wednesday.

The industrial metal has retreated from a record high in May due to concerns over China's weak consumption and rising global inventories. Prices fell on Tuesday after the Federal Reserve's chairman reiterated that the central bank wants to see further signs of slowing inflation in the US before lowering interest rates.

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	9,820	R1	9,887		
S2	9,765	R2	10,000		
S3	9,689	R3	10,053		

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- The RSI at 50 (50)
- Stochastic is below 50
- Price is below the daily pivot point USD 9,887
- Technically bullish yesterday, the MA on the RSI implied that we had light momentum weakness. The futures had produced a tweezers top (double top, USD 10,000) having rejected the 200-period MA (USD 10,003) for a second time. Technically, we looked to be on the 5th and final wave of this phase of the cycle. We had traded up to, but not above the fractal resistance; in theory, the minimum requirement for phase/cycle completion has been met. Above the fractal resistance the future would be in divergence, suggesting caution on upside breakouts above USD 10,000.
- The futures continue to sell lower with price now in the EMA support band, the RSI is neutral at 50 with price and momentum aligned to the sell side.
- A close on the 4-hour candle above USD 9,887 with the RSI at or above 60 will mean price and momentum are aligned to the buy side. Downside moves that hold at or above USD 9,689 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 indicating that momentum is weak whilst price is trading below the weekly pivot point (USD 9,833), a close on the daily candle below this level will indicate that sell side pressure is increasing. Having rejected the 200-period MA twice (USD 9,999) and moved lower on the negative divergence, the technical is warning that the Fibonacci support zone could be tested and broken. We are now cautious on upside moves.

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,470	R1	2,484	Stochastic oversold	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 (37)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,508
- Unchanged on the technical yesterday, we remained bearish with the MA on the RSI implying we had slight momentum weakness, making USD 2,501 the key support to follow. Below this level the futures will be back in bearish territory; however, as highlighted previously, the intraday Elliott wave cycle was unclear, but did suggest that the downside cycle may have completed. For this reason, we remained cautious on downside moves.
- The futures broke to the downside yesterday, against our interpretation of the intraday Elliott wave cycle, meaning price is now below the EMA resistance band. The RSI is below 50 with intraday price and momentum aligned to the sell side.
- A close on the 4-hour candle above USD 2,508 with the RSI at or above 50 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 2,549 will leave the futures vulnerable to further tests to downside, above this level the technical will have a neutral bias. Note: this resistance is back in play due to the USD 2,501 support being broken.
- Technically bearish, the MA on the RSI is indicating that momentum is weak at this point. The break in the USD 2,501 support is warning that the USD 2,470 fractal low could be tested and broken, if it is, it will indicate that there is a larger bearish Elliott wave cycle in play, warning we could trade as low as USD 2,481. The move lower means that the RSI has broken support, warning intraday upside moves look like they could be countertrend in the near-term. The downside break yesterday is now warning that we could trade to new lows.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,913	R1	2,941	Stochastic oversold	RSI below 50
S2	2,879	R2	2,975		
S3	2,834	R3	3,022		

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (43)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,941
- Technically bullish yesterday, the MA on the RSI indicated that momentum was weakening having sold lower on the negative divergence with the RSI. However, we were testing and holding above the 200-period MA (USD 2,943). A close below that held below this level would further support a seller's argument, warning that the USD 2,834 support could come under pressure. If broken, market sellers would target the USD 2,737.5 fractal low, on the basis that there appeared to be a larger, bearish Elliott wave cycle in play. Likewise, if we held above the average, resistance levels would remain vulnerable. With price rejecting key resistance whilst in divergence, we maintained a cautious view on upside moves.
- The futures continue to sell lower with price now below the 200-period MA (USD 2,943) whilst the RSI is below 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 2,941 with the RSI at or above 51.5 will mean price and momentum are aligned to the buy side. Downside moves that hold at or above USD 2,834 will support a bull argument, below this level the technical will imply that there is a larger, bearish Elliott wave cycle in play.
- Technically bullish but in a corrective phase, the MA on the RSI is indicating that momentum is weak. The futures are below the 200-period MA, whilst a move below USD 2,905 will mean that the intraday technical is bearish, warning that the USD 2,834 support could be tested and broken. If it is, then it would suggest that there is a larger, bearish Elliott wave cycle in play. The rejection of the USD 3,032 resistance does suggest that support levels are vulnerable.

Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	16,965	R1	17,050	Stochastic oversold	RSI below 50
S2	16,154	R2			
S3	15,707	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (41)
- Stochastic is oversold
- Price is below the daily pivot point USD 17,241
- Unchanged again yesterday, the technical was bearish with intraday Elliott wave analysis suggesting upside moves should be considered as countertrend. The EMA's were flat with price consolidating, implying a lack of directional bias. Price action was neutral, below USD 16,965 the futures would be in divergence with the RSI. Not a buy signal, it is a warning that we could see a momentum slowdown below USD 16,965, implying caution on downside breakouts.
- The futures are now selling lower in line with our Elliott wave analysis. Price is below all key moving averages with the RSI below 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 17,241 with the RSI at or above 50.5 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 19,420 will leave the futures vulnerable to further tests to the downside.
- Technically bearish, the MA on the RSI is indicating that momentum is weak, suggesting the USD 16,965 fractal low could be tested and broken, if it is, our intraday Elliott wave analysis is indicating that we have a potential downside target as low as USD 15,260. However, a new low will create a positive divergence with the RSI, not a buy signal it will warn that we could see a momentum slowdown, implying caution on downside breakouts.

Lead Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,191	RSI below 50	Stochastic oversold
S2	R2			
S3	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is below 50 (42)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,206
- Technically bearish (with a neutral bias) yesterday, the MA on the RSI was flat, implying momentum was neutral. The upside move to a new high previously had created a second negative divergence with the RSI, not a sell signal it warned that buyside momentum could slow, implying caution on upside breakouts above USD 2,259. The technical continued to conflict, the move above USD 2,242 warned that buyside pressure was increasing; however, we had seen another move lower on a divergence, whilst price and momentum are again aligned to the sell side. The confliction meant that the technical was neutral, due to the futures failing to hold the upside move on the negative divergence, we were now cautious on upside breakouts.
- The futures have sold lower on the back of the negative divergence with price trading below the USD 2,191 support, meaning the technical is back in bearish territory. 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 above USD 2,206 with the RSI at or above 52.5 will mean price and momentum are aligned to the buyside. 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. Note: the USD 2,242 resistance is back in play due to the breach in the USD 2,191 support.
- Technically bearish, the MA on the RSI is implying momentum is weak at this point. We had been neutral on the technical due to the length of time and strength of the upside move, because it warned that buyside pressure was increasing, this was against our Elliott wave cycle that had suggested that upside moves looked to be countertrend. The move lower on the negative divergence has broken key support, warning that we could now move lower from here.

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