



Base Morning Technical Report

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Cu

Copper headed for the seventh weekly decline in eight on sustained concerns about rising inventories.

Prices have been under pressure due to a build-up of reserves on the London Metal Exchange, highlighting an imbalance between excess supplies and softening demand in China, the top metals market. However, losses have been limited on optimism that the US Federal Reserve may cut interest rates in the coming months.

China's imports of unwrought copper and copper products dropped to a four-month low in June, according to data on Friday, after record prices in May sapped already weak demand. Inbound shipments of concentrates, however, increased as smelters continued to expand processing capacity (Bloomberg).

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	9,689	R1	9,821	RSI below 50	Stochastic oversold
S2	9,630	R2	9,839		
S3	9,530	R3	9,870		

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- The RSI below 50 (44)
- Stochastic is oversold
- Price is below the daily pivot point USD 9,821
- Technically bullish yesterday, the MA on the RSI implied that momentum remained weak. Having sold lower on the back of a negative divergence, we had a double top at USD 10,000, and the 200-period MA at (USD 9,992), warning of resistance ahead. A move above the USD 10,000 fractal high would create further negative divergences with the RSI, suggesting caution on upside breakouts. We maintain a cautious view on moves higher as they could struggle to hold.
- The futures continue to sell lower with price now below the EMA support band 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 9,821 with the RSI at or above 53 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 9,689 will warn that there is a larger bullish Elliott wave cycle in play. Likewise, upside moves that fail at or below USD 9,911 will warn that there is a larger, bearish Elliott wave cycle in play.
- The technical is bearish having broken fractal support, the MA on the RSI is implying momentum is weak. A 5-wave pattern lower would suggest that we are looking at a bearish Elliott wave A, meaning upside moves should be considered as countertrend. If we do trade above the USD 9,911 resistance, it will warn that the probability of the future trading to a new low. A move below USD 9,689 will further support a bear argument, making this the key support to follow.

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,451	R1	2,468.5	Stochastic oversold	RSI below 50
S2	2,418	R2			
S3	2,372	R3			

Source Bloomberg

Synopsis - Intraday

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (41)
- Stochastic is oversold
- Price is above the daily pivot point USD 2,485
- Technically bearish yesterday, the MA on the RSI warned that momentum remained weak, whilst the RSI low implied that upside moves had the potential to be countertrend in the near-term. We remained above the USD 2,470 fractal low, if broken it would signal that we were looking at an Elliott wave extension, warning we could potentially trade as low as USD 2,418.
- The futures continue to trade lower with price breaking the USD 2,470 fractal low, we are 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 2,485 with the RSI at or above 42 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 2,525 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 indicating that we continue to have momentum weakness; however, the downside breakout means we are in divergence on the 1-hour chart, warning that we could see a momentum slowdown, suggesting caution at these levels. If we move higher but reject the USD 2,525 resistance, it will warn of further downside within this technical, at that point the USD 2,418 support will start to become a legitimate downside target, as it implies Elliott wave extension on higher and lower timeframes.

Zinc Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,916.5	RSI below 50	
S2	R2			
S3	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (43)
- Stochastic is below 50
- Price is below the daily pivot point USD 2,968
- Technically bullish yesterday, the MA on the RSI is flat, implying momentum was neutral. The move above the 200-period MA (USD 2,942) suggested that we had underlying support in the market. However, upside moves above USD 3,022 would create further negative divergences with the RSI. Not a sell signal, they warn that we could see a momentum slowdown, suggesting caution on upside breakouts. Having initially moved lower on a negative divergence, with the threat of further divergences at higher levels, we are cautious on upside moves, as they could struggle to hold.
- The upside move did struggle to hold with price selling lower today. We are 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 2,968 with the RSI at or above 51.5 will mean price and momentum are aligned to the buyside. 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 with a neutral bias, below USD 2,905 the intraday technical will be bearish based on price. However, key support remains unchanged on the Elliott wave cycle at USD 2,834, if broken, it will have longer-term bearish implications going forward. The MA on the RSI is still flat implying momentum is neutral. The technical is weakening having rejected the USD 3,032 resistance but needs to see further downside to convince that the move is bearish impulse.

Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	16,154	R1	16,810	Stochastic oversold	RSI below 50
S2	15,707	R2			
S3	15,260	R3			

Synopsis - Intraday

Source Bloomberg

- 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 16,943
- Technically bearish yesterday, the futures were moving higher on the back of the positive divergence with the RSI. The MA on the RSI warned that momentum remained weak; however, the RSI was above its average, meaning it could be in the process of turning bullish. If we closed on the daily candle back above the weekly pivot level (USD 17,300) it would imply that buy-side pressure was increasing. Due to the divergence in play, we continued to remain cautious on downside moves, with price not considered a 'technical' sell at these levels.
- The upside move in the futures failed to fold, resulting in price trading to a low of USD 16,770 this morning. We remain below all key moving averages with the RSI below 50, intraday price and moment are conflicting as the RSI was above its MA on the last candle close.
- A close on the 4hour candle above USD 16,978 with the RSI at or above 42.5 will mean price and momentum are aligned to the buy-side; likewise, a close below this level with the RSI at or below 38 will mean it is aligned to the sell side. Upside moves that fail at or below USD 17,336 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 continues to warn that momentum is weak; however, due to the divergence in play, we remain cautious on downside moves at this point, as they are not considered a 'technical' sell.

Lead Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	2,178	R1	2,191	RSI below 50
S2	2,156	R2	2,229	
S3	2,143	R3	2,242	

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (41)
- Stochastic is below 50
- Price is below the daily pivot point USD 2,191
- Technically bearish yesterday, the MA on the RSI indicated that momentum was weak. As noted previously, the move below USD 2,191 implied that support levels were vulnerable. However, we had a positive divergence on the 30 min chart that warned we could move higher in the near term, making USD 2,229 the key resistance to follow. If rejected, it would support the higher timeframe bear cycle, if broken, we could see the USD 2,242 level come back under pressure. We were cautious on downside moves at those levels yesterday.
- The futures traded to a high of USD 2,205 but the move has failed to hold, resulting in testing testing the USD 2,171 support this morning. We are 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 2,191 with the RSI at or above 45.5 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 2,229 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. Note: key longer-term resistance remains unchanged at USD 2,242.
- Technically bearish, the MA on the RSI is starting to flatten implying sell side momentum is slowing down, if the futures traded below the USD 2,171 low, then we have the potential to trade down to USD 2,150 in the near-term. However, a new low will create a lower timeframe divergence that will need to be monitored, this could also cause a divergence on the 4-hour technical. A cautious bear today.

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