Base Morning Technical Report

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China

Caixin Media and S&P Global release China's July manufacturing purchasing managers' index.

Index falls to 49.8 from 51.8 in June; Year ago 49.2

Lowest reading since Oct. 2023

Output falls to 50.2 vs 54.6 in June

Lowest reading since Oct. 2023

Ninth consecutive month of expansion

New orders fall vs prior month

Lowest reading since July 2023(Bloomberg).

Metals

Copper and iron ore rose with most industrial commodities as Federal Reserve Chair Jerome Powell flagged the central bank was on course to cut rates next month, which would be a boost for global growth.

The central bank left rates unchanged on Wednesday but policymakers signaled they were closer to reducing borrowing costs. Fed monetary tightening since 2022 has weighed on demand for industrial commodities both domestically and abroad.

The potential relief comes after a tough July for metals that saw all major London Metal Exchange contracts notch monthly losses. Poor economic data from China — the world's top consumer — and a lack of large-scale stimulus to address it has depressed prices.

More gloom came on Thursday with a gauge of Chinese manufacturing activity showing contraction for the first time in nine months. Earlier this week, the country's Politburo pledged to help boost consumer spending, although it avoided outlining more specific policies.

Copper gained 0.5% on the LME to $9,267.50 a ton as of 10:27 a.m. Singapore time. Aluminum was 1.4% higher, while zinc and lead also gained. Iron ore rose 0.6% in Singapore. (Bloomberg)

Copper Morning Technical (4-hour)

Support		Resistance		Current Price	Bull	Bear
S1	9,177	R1	9,289	9,226	RSI above 50	Stochastic overbought
S2	9,071	R2	9,409			
S3	8,932	R3	9,572			

Synopsis - Intraday

Source Bloomberg

- Price is between the EMA resistance band (Black EMA's)
- The RSI above 50 (53)
- Stochastic is overbought
- Price is above the daily pivot point USD 9,177
- Technically bearish yesterday, the MA on the RSI implied that we had light momentum support. The downside move previously had traded within USD 15 of the fractal low; however, support had held, resulting in price moving higher, making the technical a little more complex. In an ideal world of technical analysis, we would have liked to have seen the futures trade below USD 8,900, confirming that we had entered the Elliott wave 5, thus achieving the minimum requirement for phase/cycle completion. The downside rejection previously meant the futures had breached but failed to close below the daily 200 period MA, warning we had underlying support in the market; however, we were trading back in the consolidation zone from the 23rd-24th if this month; if we traded above and closed above the USD 9,163, it would warn that the USD 9,572 resistance could come under pressure, if the zone held, we could have another test lower. In theory, having failed to make a new low, the upside move was still considered to be countertrend. In reality, we have held the 200-period MA; if we did move lower, we remained cautious on downside breakouts below USD 8,900, due to an underlying support in the market.
- The futures traded above the USD 9,163 level to a high of USD 9,322. We are between the EMA resistance band with the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 9,177 with the RSI at or below 42 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 9,572 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. Likewise, downside moves that hold at or above USD 9,071 will support a near-term bull argument, if broken, the USD 8,900 fractal low will start to look vulnerable.
- Technically bearish, the futures are testing the top of the EMA resistance band and the base of Fibonacci resistance zone. A bearish rejection candle is warning that we are seeing intraday selling resistance at slightly high levels, warning we are vulnerable to an intraday correction lower; if we hold at or above the USD 9,071 support, it will suggest that the upside move has the potential to be a complex corrective phase, or perhaps even bullish. Our intraday Elliott wave analysis is indicating that the move higher looks like it could be countertrend at this point; however, we remain cautious (mindful) of the daily 200-period MA support (USD 9,013), as the rejection of the average in the previous two sessions is indicating that there is an underlying support in the market. Intraday lower timeframe momentum, alongside the 4-hour rejection candle is suggesting we should see an intraday move lower, making the USD 9,071 support the key level to follow. A move above that holds above the high of the rejection candle (USD 9,322) will imply buyside pressure is increasing, meaning we could test our key resistance at USD 9,572.

Aluminium Morning Technical (4-hour)

Support		Resistance		Current Price	Bull	Bear
S1	2,289	R1	2,349	2,319	RSI above 50	Stochastic overbought
S2	2,282	R2	2,394			
S3	2,268	R3	2,429			

Source Bloomberg

Synopsis - Intraday

- Price is between the EMA resistance band (Black EMA's)
- RSI is above 50 (55)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,289
- Technically bearish yesterday, the futures were moving higher on the intraday divergence with the RSI, implying resistance levels were vulnerable. However, as noted on Monday, we had traded to a new low before moving higher, meaning upside moves should be considered as countertrend (based on our intraday Elliott wave analysis) making USD 2,394 the key resistance to follow.
- The futures continue to move higher with price now trading between the EMA resistance band, the RSI is above 50 with intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 2,289 with the RSI at or below 35 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 2,394 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 continue to move higher on the back of the positive divergence with the RSI, the MA on the RSI is indicating that momentum is supported. Our intraday Elliott wave analysis is suggesting that the upside move looks like it could be countertrend, making USD 2,394 the key resistance to follow. If broken, then the probability of the futures trading to a new low will start to decrease. The futures are now testing the upper resistance band whilst in the Fibonacci resistance zone, we can also see on the chart that the RSI is testing resistance. This is warning that the futures are starting to look vulnerable to an intraday move lower; downside moves that hold at or above USD 2,249 will support a near-term bull argument, warning there could be further upside within this corrective phase. If broken, then the USD 2,209.5 fractal low will start to look vulnerable.

Zinc Morning Technical (4-hour)

Support		Resistance		Current Price	Bull	Bear
S1	2,687	R1	2,763	2,694.5		RSI below 50
S2	2,615	R2	2,809			
S3	2,565	R3	2,871			

Synopsis - Intraday

Source Bloomberg

- Price is between the EMA resistance band (Black EMA's)
- RSI is below 50 (48)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,687
- Technically bearish yesterday, the downside move followed by a move higher warned that the lower timeframe Elliott wave cycle could soon complete, but we awaited confirmation; however, it looked like there could be a larger wave cycle in play, meaning upside moves were still considered as countertrend, making USD 2,871 the key resistance to follow. A move above this level would warn that the probability of the futures trading to a new low had started to decrease. The move higher on the back of a positive divergence warned that resistance levels were vulnerable in the near-term, this also meant that we were cautious on downside moves at that point.
- The futures continued to move higher with price now trading in 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 2,687 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 2,871 will leave the futures vulnerbale to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, the upside move yesterday has confirmed that the lower timeframe wave cycle has completed; however, as noted previously, there looks to be a larger bearish Elliott wave cycle in play, meaning we maintain our view that upside moves look like they could be countertrend. We now look to be in higher timeframe corrective wave 4 (upside countertrend move) with the MA on the RSI implying that momentum is supported at this point. Two of the last 4 candles are showing upside rejection whilst in the EMA resistance band, price is warning we could potentially see a move lower. If, however, we trade above and close above the high of the last rejection candle (USD 2,724), it will imply that buyside pressure is increasing, warning that the Fibonacci resistance zone could come under pressure. Key resistance is unchanged at USD 2,871, above this level the probability of the futures trading to a new low will start to decrease.

Nickel Morning Technical (4-hour)

Support		Resistance		Current Price	Bull	Bear
S1	16,450	R1	16,920	16,590	RSI above 50	Stochastic overbought
S2	16,329	R2	17,172			
S3	16,006	R3	17,600			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA resistance band (Black EMA's)
- RSI is above 50 (63)
- Stochastic is overbought
- Price is above the daily pivot point USD 16,450
- Technically bearish yesterday with upside moves looking like they could be countertrend; the MA on the RSI implied that momentum was supported. We had moved nearly USD 900 higher in the last 4-days with price approaching the 50% Fibonacci resistance (16,600), whilst the intraday bull candles are getting smaller, warning we could see an intra-day pullback soon. If we traded above USD 16,920, then the probability of the futures trading to a new low would start to decrease.
- The futures continued to move higher (meaning we have not seen an intraday pullback) with price moving above the EMA resistance band whilst the RSI is above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 16,450 with the RSI at or below 51.5 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 16,920 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 suggest that momentum is supported. The RSI is making new highs, warning support levels could hold in the near-term, making USD 16,006 the key level to follow. If it holds, it supports a near-term bull argument, if broken, then the USD 15,600 fractal low will start to look vulnerable. Key resistance is at USD 16,920, above this level the probability of the futures trading to a new low will start to decrease.

Lead Morning Technical (4-hour)

Support		Resistance		Current Price	Bull	Bear
S1	2,043	R1	2,079	2,070.5		RSI below 50
S2	2,028	R2	2,101			
S3	1,966	R3	2,125			

Source Bloomberg

Synopsis - Intraday

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (48)
- Stochastic is overbought
- Price is below the daily pivot point USD 2,079
- Technically bearish yesterday, the MA on the RSI implied that momentum was supported, making USD 2,157 the key resistance to follow. A move above this level will warn that the probability of the futures trading to a new low will start to decrease. We noted that we had entered an Elliott wave 4 on a lower timeframe (upside countertrend move).
- The futures continued to move higher yesterday; however, we are in the process of rejecting the USD 2,101 Fibonacci resistance level this morning. Price is between the EMA resistance band with the RSI below 50, intraday price and momentum are aligned to the buyside, as the previous candle closed above the daily pivot level.
- A close on the 4-hour candle below USD 2,079 with the RSI at or below 41.5 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 2,157 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. Likewise, downside moves that hold at or above USD 2,057 will support a near-term bull argument.
- Technically bearish, the MA on the RSI is implying that we have light momentum support at this point. However, we are moving lower with price approaching the USD 2,057 support, if broken, then the USD 2,026 fractal low will start to look vulnerable. Likewise, if support holds, we have the potential to see another test to the upside in the near-term. Intraday Elliott wave analysis continues to suggest that upside moves look like they could be countertrend at this point. if we do trade above the USD 2,157 resistance, then the probability of the futures trading to a new low will start to decrease.