



Base Morning Technical Report

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China

Copper rose with other industrial metals after fresh data helped alleviate fears about China's economic outlook.

The country's services sector expanded at a faster pace in July than the previous month, according to private survey that also showed an employment indicator rising to the highest since August last year. Dollar-denominated commodities also got a boost from the stronger yuan — the Chinese currency surged to its highest since January against the greenback.

While services and consumption are less important for direct metals demand, any signs of stabilization in China's economy can steady sentiment. There was also some positive news from the housing market, as used-home transactions in key Chinese cities showed signs of improvement. (Bloomberg).

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	9,068	R1	9,162	RSI above 50	
S2	8,932	R2			9,409
S3	8,812	R3			9,103

Synopsis - Intraday

Source Bloomberg

- Price is between the EMA resistance band (Black EMA's)
- The RSI above 50 (51)
- Stochastic is below 50
- Price is above the daily pivot point USD 9,068
- Technically bearish last week, the move below USD 9,071 indicated that the USD 8,900 fractal low was vulnerable. The MA on the RSI implied that momentum was supported, but the MA was below its average whilst price was below the daily pivot, suggesting momentum was in the process of weakening. We were trading just above the 200-period MA having breached it on the Asian open, meaning we were seeing some light defence of the average this morning; however, the move below USD 9,071 did suggest we should now see the fractal low come under pressure.
- Having traded to a low of USD 8,971 on Friday's open the futures found light bid support for the remainder of the session. We are moving higher again this morning on continued USD weakness, price is between the EMA resistance band with the RSI near neutral at 51, intraday price and momentum are aligned to the buy side.
- A close on the 4-hour candle below USD 9,068 with the RSI at or below 45 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.
- Technically bearish, the futures are finding support off the daily 200-period MA (USD 9,023) aided by a weakening USD. The MA on the RSI is now flat, implying momentum is neutral, whilst intraday Elliott wave analysis is suggesting that upside moves should in theory be countertrend. A close on the daily chart above the high of the last dominant bear candle (USD 9,322) will imply that buy side pressure is increasing, warning we could see the USD 9,572 resistance come under pressure. Above this level, the probability of the futures trading to a new low will start to decrease. Likewise, failure to close above the USD 9,322 level will leave support levels vulnerable. The technical is bearish, the wave cycle implies that we should trade below the USD 8,900 fractal low; however, the futures are finding support on the daily 200-period MA, a benchmark average that is being respected on the higher timeframe. The futures will need to see a daily close below the higher timeframe average for downside continuation.

Aluminium Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	2,268	2,280	Stochastic oversold	RSI below 50
S2	2,249			
S3	2,234			
R1	2,327			
R2	2,349			
R3	2,394			

Source Bloomberg

Synopsis - Intraday

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (47)
- Stochastic is oversold
- Price is above the daily pivot point USD 2,274
- Technically bearish on Friday, the MA on the RSI is implied that momentum was supported. The downside move was holding above the USD 2,249 level with the futures finding light bid support on the open, warning that we were vulnerable to another intraday move higher, making USD 2,394 the key resistance to follow. A move above this level would mean that the probability of the futures trading to a new low had started to decrease. However, our intraday Elliott wave analysis continues to suggest that intraday upside moves should be considered as countertrend.
- The futures sold lower but have held the USD 2,249 support at this point, we are below the EMA resistance band with the RSI below 50, intraday price and momentum are aligned to the sell side, as the previous candle closed below the daily pivot level.
- A close on the 4-hour candle above USD 2,274 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 2,394 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 2,249 will support a near-term bull argument, below this level will warn the USD 2,209.5 fractal low could come under pressure.
- Technically bearish, the MA on the RSI is flat, meaning momentum is neutral. The futures have held above key support, having produced a 3-wave move lower, warning that we still have the potential to produce and intraday move higher. A close on the 4-hour candle above the high of the last dominant bear candle (USD 2,276.5) will indicate that intraday buyside pressure is starting to increase, leaving resistance levels vulnerable in the near-term. However, intraday Elliott wave analysis continues to suggest that upside moves should be considered as 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. Price action implies that we could move higher in the near-term, in what the wave cycle would consider a countertrend move; if we do trade below the USD 2,249 then the depth of the pullback would indicate that the corrective phase is less complex, meaning we should in theory trade below the USD 2,209.5 support in line with the wave cycle.

Zinc Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,716		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 (47)
- Stochastic is below 50
- Price is above the daily pivot point USD 2,675
- Technically bearish last week, we highlighted previously that the two intraday rejection candles warned we could see an intraday move lower. Having sold to a low of USD 2,649.5 the futures had moved back to the previous day's levels on momentum support. The MA on the RSI continued to imply that momentum was supported, warning that the high of the rejection candle USD 2,724 could come under pressure. A close above this level would indicate that buy-side pressure was increasing, making USD 2,871 the key resistance to follow; if broken, then the probability of the futures trading to a new low would start to decrease. Elliott wave analysis continued to indicate that upside moves look like they could be countertrend; however, with momentum holding previously, the technical warned that we could see another test to the upside in the near-term.
- The futures traded higher but failed to trade above the USD 2,724 resistance resulting in a small move lower. However, we are finding light bid support in the Asian day session. Price is below the EMA resistance band with the RSI below 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 2,675 with the RSI at or above 49.5 will mean price and momentum are aligned to the buy-side. Upside moves that fail at or below USD 2,871 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. As noted previously, the futures need to trade above and close above the USD 2,724 fractal resistance to signal that buy-side pressure is increasing; if we do, then the USD 2,871 resistance could come under pressure, above this level the probability of the futures trading to a new low will start to decrease. However, our intraday Elliott wave analysis is implying that upside moves look like they could be countertrend. The futures are finding support on the daily 200-period MA (USD 2,655), a close below this level (on the daily candle) will warn that the USD 2,615 fractal low could be tested and broken. In theory, we should move lower, but we now have a note of caution on downside moves whilst above the higher timeframe average.

Nickel Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	16,235		RSI below 50
S2	R2			
S3	R3			

Synopsis - Intraday

Source Bloomberg

- Price is between the EMA resistance band (Black EMA's)
- RSI is below 50 (49)
- Stochastic is below 50
- Price is below the daily pivot point USD 16,348
- Technically bearish on Friday, intraday Elliott wave analysis suggested that upside moves look like they could be countertrend, making USD 16,920 the key resistance to follow. A move above this level would warn that the probability of the futures trading to a new low would start to decrease. The RSI was below its MA with the average starting to flatten, meaning we had light momentum support, warning we could look to test the USD 16,562 resistance in the very near-term. If we rejected it, it would indicate that buy-side pressure was weak, suggesting we would test the downside. If broken, the futures would target the fractal high at USD 16,775. Price was holding above key support (USD 16,006) whilst the RSI is above 50, its average although weakening warned that we had light momentum support, meaning we could see a small test to the upside in the very near-term.
- The futures traded to a high of USD 16,585, meaning we rejected the USD 16,562 resistance, resulting in price moving lower. We are between the EMA resistance band with the RSI near-neutral at 49, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 16,348 with the RSI at or above 57 will mean price and momentum are aligned to the buy-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. Likewise, downside moves that hold at or above USD 16,006 will support a near-term bull argument, below the level the USD 15,600 fractal low will be vulnerable.
- Technically bearish, the MA on the RSI is implying that momentum is weak at this point. The rejection of the USD 16,562 resistance is warning that the USD 16,192 – USD 16,006 Fibonacci support zone is now vulnerable. Below USD 16,006 will warn that we could trade to new lows, in line with the intraday Elliott wave cycle. We maintain our view that upside moves look like they could be countertrend at this point.

Lead Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,015	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 2,036
- Technically bearish on Friday, the MA on the RSI was flat, implying momentum was neutral. The move below the USD 2,057 support warned that the USD 2,026 fractal low could be tested and broken. We maintained our view based on Elliott wave analysis that upside moves look like they should be considered as countertrend.
- The futures have sold to new lows, 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 2,036 with the RSI at or above 47.5 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 2,076 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 have light momentum weakness at this point. Our intraday Elliott wave analysis is suggesting that we have the potential to trade as low as USD 1,965 within this phase of the cycle. However, the futures are now 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.

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