FIS

Base Morning Technical Report

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(Bloomberg) -- Copper fell below $9,000 a ton for the first time in two months as the dollar extended gains made in the wake of the US election.

Futures on the London Metal Exchange have dropped about 7% since Thursday's close. The election of Donald Trump to the US presidency has spurred gains in the greenback as traders bet on tighter-for-longer Federal Reserve policy.

Trump has promised to raise tariffs and cut taxes, both of which may add to the inflationary pressure in the economy. The risks were underlined on Wednesday when an index of US consumer prices showed its first acceleration on an annualized basis since March.

"The reality is we're likely finding a new range given a repricing in the dollar," Nicholas Snowdon, head of metals research at Mercuria Energy Trading SA, said at CRU Group's World Copper Conference in Shanghai. "But the structural story is not dead. It is still very much alive and we do see that starting to prevail more through the mid to second half of next year."

Copper has retreated since hitting a record high in May amid concerns about demand recovery in China, the world's top metals consumer. Enthusiasm about Beijing's pro-growth pivot has cooled as investors look for clearer signs that the government will roll out more policies — such as infrastructure investment — that will boost commodities demand.

Traders are watching the impact of China's latest economic stimulus measures. Industrial output and retail sales in the world's top metals consumer are expected to have grown at a faster pace in October than September, according to economists surveyed by Bloomberg. Those data are due Friday.

Copper declined 1.5% on the LME to $8,911.50 a ton at 7:30 a.m. in London. Most other metals were lower, with zinc down 2.7% and aluminum 0.9% lower.

Iron ore futures fell 1.8% to $98.75 a ton in Singapore. Contracts in Dalian also dropped, along with steel futures in Shanghai.

Copper Morning Technical (4-hour)

Support		Resistance		Current Price	Bull	Bear
S1	8,864	R1	9,080	8,934	Stochastic oversold	RSI below 50
S2	8,783	R2	9,250			
S3	8,698	R3	9,352			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- The RSI below 50 (28)
- Stochastic is oversold
- Price is below the daily pivot point USD 9,080
- Technically bearish yesterday, the MA on the RSI implied that momentum remained weak, whilst the daily close had moved further below the 200-period MA (USD 9,395). The divergence failure signalled that we were looking at a bearish Elliott wave extension to the downside on the higher timeframe, suggesting intraday upside moves should in theory be countertrend. The higher timeframe wave cycle meant that resistance levels had been revised higher, whilst projection levels have moved lower; if our analysis was correct, we noted that we should trade below the 100% Fibonacci projection at USD 9,059.
- The futures have continued to sell lower with price now below the USD 9,059 support. We are able 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 9,080 with the RSI at or above 36 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 9,489 will leave the futures vulnerable to further tests to the downside.
- Technically bearish, the MA on the RSI continues to suggest that momentum remains weak at this point. Faster moving oscillators are now oversold, warning that we are overextended to the downside, meaning we could see an intraday move higher. However, higher timeframe Elliott wave analysis implies that upside moves look like they could be countertrend, making USD 9,489 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. If we continue to come under pressure and move lower, then the lower timeframe Elliott wave cycle will become vulnerable to further extensions within the existing cycle. Based on the oversold, momentum, the technical is suggesting caution on moves lower at these levels.

Aluminium Morning Technical (4-hour)

Support		Resistance		Current Price	Bull	Bear
S1	2,505	R1	2,539	2,512.5	Stochastic oversold	RSI below 50
S2	2,464	R2	2,593			
S3	2,461	R3	2,620			

Source Bloomberg

Synopsis - Intraday

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (33)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,539
- Technically bearish yesterday, the MA on the RSI was starting to flatten, whilst the RSI had a minor divergence in play, suggesting sell side momentum was slowing down. A close on the 4-hour candle above USD 2,563 would warn that momentum based on price was starting to strengthen, leaving the futures vulnerable to an intraday move higher. However, key resistance is at USD 2,666, upside moves that failed below this level will warn that there is a larger, bearish Elliott wave cycle in play. Conversely, if broken, then the probability of the futures trading to a new low will start to decrease.
- The futures continued to sell lower, resulting in the minor divergence failing. 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 2,539 with the RSI at or above 40 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 2,656 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 to above USD 2,464 will warn that there could be a larger, bullish wave cycle in play.
- Technically bearish, the MA on the RSI continues to flatten, warning sell side momentum could slowdown. Although the divergence has failed, the 1-hour RSI is still divergent, again signalling sell side momentum could slow. The futures are testing the USD 2,505 fractal support, if broken we target the USD 2,464 level. Elliott wave analysis is suggesting that upside moves look to be countertrend, making USD 2,656 the key resistance to follow. Above this level the probability of the futures trading to a new low will start to decrease. Due to the lower timeframe divergence, the technical suggests caution on downside moves at these levels, as we are starting to look vulnerable to an intraday pullback.

Zinc Morning Technical (4-hour)

Support		Resistance		Current Price	Bull	Bear
S1	2,889	R1	2,959	2,909.5	Stochastic oversold	RSI below 50
S2	2,870	R2	2,976			
S3	2,810	R3	3,028			

Source Bloomberg

Synopsis - Intraday

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (39)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,959
- Technically bearish yesterday, the MA on the RSI was flat, warning momentum was turning neutral. Although the 4-hour divergence had failed, the new low on the open had created a divergence on the 1-hour chart, meaning we remained cautious on downside moves at that point. If the 4-hour candle closes above USD 2,943 it will warn that momentum based on price is starting to strengthen, warning we could see an intraday move higher.
- The futures traded to a high of USD 2,993 on the back of the positive divergence with the RSI; however, a bearish move in the Asian day session means that USD 2,905 fractal low is now coming under pressure. We are below all key moving averages supported by the RSI below 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle below USD 2,959 with the RSI at or below 38 will mean price and momentum are aligned to the sell side; likewise, a close above this level with the RSI at or above 42.5 will mean it is aligned to the buyside. Upside moves that fail at or below 3,028 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 now flat, implying sell side momentum could slowdown. Below USD 2,905 the futures will target the USD 2,889 – USD 2,870 support zone in the near-term; however, downside breakouts will be in divergence with the RSI, not a buy signal, it warns we could see a momentum slowdown. Note, the move lower on the open is warning that we could be seeing an Elliott wave extension to the downside on the lower timeframe, suggesting upside move have the potential to be countertrend. Due to the divergence, we have a note of caution below USD 2,905.

Nickel Morning Technical (4-hour)

Support		Resistance		Current Price	Bull	Bear
S1	15,705	R1	15,806	15,735	Stochastic oversold	RSI below 50
S2	15,565	R2	15,971			
S3	15,300	R3	16,052			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is above 50 (37)
- Stochastic is oversold
- Price is below the daily pivot point USD 15,806
- Technically bearish yesterday, the MA on the RSI is implied that momentum remained weak. Countering this, the 1-hour RSI had a minor positive divergence in play, meaning we were vulnerable to an intraday move higher in the near-term. Our Elliott wave analysis continued to suggest that upside moves look like they could be countertrend.
- The futures moved sideways in the morning session; however, price did break to the downside into the close. 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 15,806 with the RSI at or above 43.5 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below 17,186 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, the move lower into the close resulted in the 1-hour divergence failing, warning that the USD 15,705 fractal low will be tested and broken. If it is, Fibonacci projection levels suggest that we have the potential to trade as low as USD 15,300; however, downside breakouts will create a positive divergence with the RSI on the 4-hour timeframe, warning sell side momentum could slow down, which will need to be monitored.

Lead Morning Technical (4-hour)

Support		Resistance		Current Price	Bull	Bear
S1	1,978	R1	2,016	1,985.5		RSI below 50
S2	1,953	R2	2,028			
S3	1,921	R3	2,041			

Source Bloomberg

Synopsis - Intraday

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (37)
- Stochastic is oversold
- Price is above the daily point USD 2,016
- Technically bearish yesterday, the triangle break to the downside warned that support levels were vulnerable, providing we remained below the pattern. We noted that there was a minor divergence in play, warning sell side momentum could slow down, which needed to be monitored.
- The futures continued to sell lower, resulting in the minor divergence failing. 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 2,016 with the RSI at or above 47 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 2,041 will leave the futures vulnerable to further tests to the downside.
- Technically bearish, the MA on the RSI is implying that momentum remains weak. Our intraday Elliott wave analysis is suggesting upside moves look like they could be countertrend, making USD 2,041 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.