Base Morning Technical Report

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Metals

(Bloomberg) -- Iron ore was steady near a three-month low and copper was flat as investors waited for inflation data due Thursday to gauge China's economic strength.

Industrial metals have mainly traded in a narrow range since the start of 2025, weighed down by risk-off sentiment amid rising uncertainty regarding future global trade and geopolitical trends. China, the biggest consumer of iron ore and copper, has also disappointed the market due to its lack of recent major policy support.

Asia's largest economy is due to report both consumer and producer price index data for December on Thursday. According to Bloomberg Intelligence, the reports will likely show CPI inflation weakened further toward zero while factory-gate prices stayed well below year-earlier levels, indicating last year's government stimulus has yet to spur a meaningful rebound in demand.

Waning Chinese demand and the prospect of growing trade turmoil saw base metals decline last quarter. Iron ore was one of the worst-performing major commodities in 2024, and the steel-making material has extended losses by another 4% since the start of the year.

Investment bank Panmure Liberum said it was forecasting an iron ore bear market for the first quarter, the first time it has done that.

"We're making a statement about how weak activity is in China's economy right now," said Tom Price, managing director at Panmure Liberum. "China's built everything it needs with steel, and so demand growth is moderating."

Iron ore eased 0.1% to $96.55 a ton as of 12:40 p.m. in Singapore. Base metals were mixed on the London Metal Exchange, with zinc declining 0.7%, copper and aluminum easing slightly, and nickel up 0.3%.

Copper Morning Technical (4-hour)

Support		Resistance		Current Price	Bull	Bear
S1	8,954	R1	8,999	8,996.5	RSI above 50	Stochastic overbought
S2	8,865	R2	9,124			
S3	8,757	R3	9,194			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA resistance band (Black EMA's)
- The RSI above 50 (55)
- Stochastic is overbought
- Price is below the daily pivot point USD 8,999
- The upside move above USD 9,018.5 previously meant that the futures had broken fractal resistance. Based on price action, the intraday technical was now bullish; this also meant that the futures were trading above the high of the lower timeframe Elliott wave 3, suggesting this phase of the bear cycle had completed. However, we remained below the 200-period MA and the USD 9,124 resistance, meaning there were conflictions on the technical, as there was still the potential for a larger bearish Elliott wave cycle. We maintained a neutral bias; the cycle looked like it may have completed. If we traded above the USD 9,124 level, then the probability of the futures trading to a new low would start to decrease, further supporting a buyer's argument.
- Sideways action yesterday with the futures above the EMA resistance band but below the 200-period MA (USD 9,124). The RSI is above 50 with price and momentum now conflicting.
- A close on the 4-hour candle below USD 8,999 with the RSI at or below 52.5 will mean price and momentum are aligned to the sell side; likewise, a close above this level will mean it is aligned to the buyside. Upside moves that fail to or below USD 9,124 will warn that there is a larger, bearish Elliott wave cycle in play, above this level the technical will have a neutral bias. Downside moves that hold at or above USD 8,865 will support a near-term bull argument.
- Technically bullish, it looks like the downside bear cycle may have completed; however, whilst price is below the 200-period MA on the USD 9,124 resistance, we have a note of caution. Bullish based on price, we have a neutral view at this point.

Aluminium Morning Technical (4-hour)

Support		Resistance		Current Price	Bull	Bear
S1	2,508	R1	2,514	2,514		RSI below 50
S2	2,464	R2	2,541			
S3	2,413	R3	2,574			

Source Bloomberg

Synopsis - Intraday

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (46)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,508
- Technically bearish yesterday, the MA on the RSI was flat, indicating sell side momentum was slowing. As noted previously, our Elliott wave analysis suggested that we were on a wave-5 of this phase of the cycle, warning sell side momentum could soon exhaust, making USD 2,541 the key resistance to follow. If rejected, it would indicate that there was further downside within this cycle; if broken, then the probability of the futures trading to a new low would start to decrease. We remained a cautious bear.
- The futures have seen a very small move higher with price now trading at the base of the Fibonacci resistance zone. We are below the EMA band with the RSI below 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 2,508 with the RSI at or below 38.5 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 2,541 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Unchanged on the technical today, we remain bearish with the MA on the RSI implying momentum is supported. As noted previously, our Elliott wave analysis suggested we are on a wave-5 of this phase of the cycle, warning sell side momentum could soon exhaust, making USD 2,541 the key resistance to follow. If rejected, it will indicate that there is further downside within this cycle; if broken, then the probability of the futures trading to a new low will start to decrease. We remain a cautious bear.

Zinc Morning Technical (4-hour)

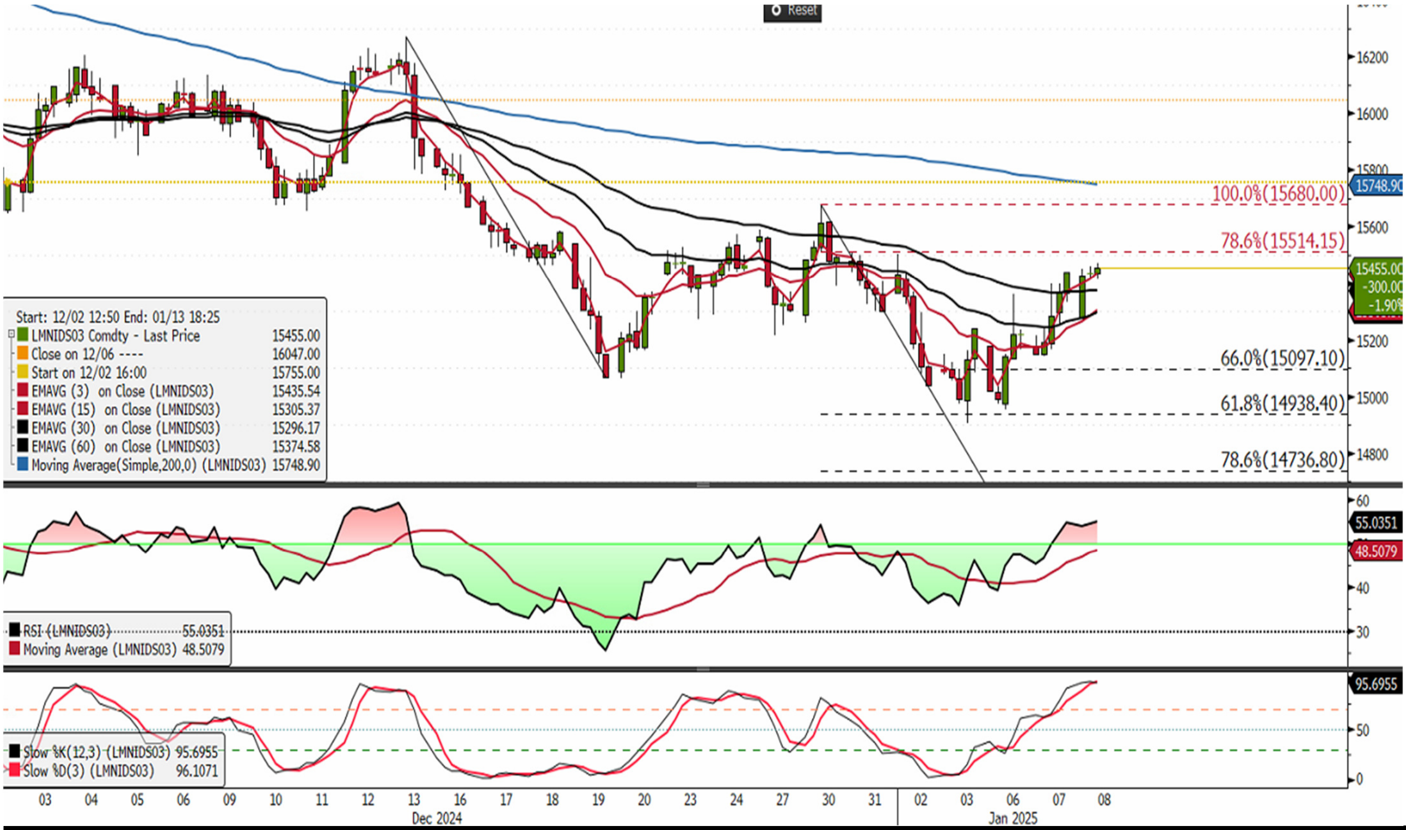
Support		Resistance		Current Price	Bull	Bear
S1	2,838	R1	2,887	2,868	Stochastic oversold	RSI below 50
S2	2,788	R2	2,925			
S3	2,753	R3	2,951			

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 2,887
- Technically bearish yesterday, we noted that downside moves below USD 2,872 would create a positive divergence with the RSI. Not a buy signal, it warned that we could see a momentum slowdown, which needed to be monitored. As noted previously, Elliott wave analysis continued to suggest that upside moves looked like they could be countertrend, making USD 2,995 the key resistance to follow. We remained a cautious bear at these levels as the divergence suggested that downside moves could struggle to hold. If we closed back above the daily 200-period MA (USD 2,910), it would warn that we could be about to enter a countertrend move higher.
- The futures traded to a low of USD 2,844 this morning; however, we are now seeing light bid support on the back of the positive divergence with the RSI. 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 2,887 with the RSI at or above 38 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 2,985 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 sell side momentum is turning neutral. The futures are now at the 100% Fibonacci projection (USD 2,838, A-B = C-D), a natural area of support, whilst price is in divergence with the RSI, warning sell side momentum could slow. We remain cautious on downside moves at these levels; however, our Elliott wave analysis does suggest that upside moves should be considered as countertrend, making USD 2,985 the key resistance to follow. If broken, then the probability of the futures trading to a new low will start to decrease. Note: the wave 1 is currently longer than the wave 3, ideally, we would like to see price trading below USD 2,838 before moving higher.

Nickel Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	15,326	R1	15,514	15,455	RSI above 50	Stochastic overbought
S2	15,097	R2	15,680			
S3	14,938	R3	15,748			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA resistance band (Black EMA's)
- RSI is above 50 (55)
- Stochastic is overbought
- Price is above the daily pivot point USD 15,326
- Technically bearish yesterday, the MA on the RSI implied that momentum was supported. As noted previously, due to the futures moving higher on the positive divergence with the RSI, we maintained a note of caution on downside moves.
- The futures continue to move higher with price now above the USD 15,416 resistance. We are above 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 15,326 with the RSI at or above 46.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 15,097 will support a near-term bull argument; if broken, then the technical will be back in bearish territory.
- Technically bearish but with a neutral bias, the probability of the futures trading to a new low has started to decrease. The MA on the RSI is implying that momentum is supported, meaning resistance levels are vulnerable, above USD 15,680 the intraday technical will be bullish. Faster moving oscillators are warning that near-term price action is starting to look overbought; however, a 5-wave pattern lower, followed by a move higher on the divergence suggests that downside moves now look like they could be countertrend.

Lead Morning Technical (4-hour)

Support		Resistance		Current Price	Bull	Bull
S1	1,955	R1	1,976	1,965.5	RSI above 50	Stochastic overbought
S2	1,915	R2	1,987			
S3	1,890	R3	2,006			

Source Bloomberg

Synopsis - Intraday

- Price is above the EMA resistance band (Black EMA's)
- RSI is above 50 (53)
- Stochastic is overbought
- Price is above the daily point USD 1,955
- Unchanged on the technical yesterday. As noted yesterday, the 5-3-5 pattern lower warned that the technical could soon exhaust, whilst price was finding light bid support on a positive divergence with the RSI. Upside moves above USD 2,006 would mean that the intraday technical is bullish; if, however, we failed to trade above USD 2,040, it would warn that there is potentially a larger, bearish wave cycle in play.
- The futures continue to move higher with price approaching our key resistance at USD 1,976. We are above the EMA support band with the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 1,955 with the RSI at or below 44.5 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 1,976 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 implying momentum is supported, warning resistance levels remain vulnerable. As noted previously, the 5-3-5 (A, B, C) wave pattern lower implies caution on downside moves, as this phase of the bearish Elliott wave cycle looks to have completed. Upside moves that fail to trade above the USD 2,040 level will warn that there is potentially a larger, bearish Elliott wave cycle in play.