FIS

Base Morning Technical Report

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Metals

(Bloomberg) -- Commodities from oil to copper are pricing in the probability of new trade US tariffs once President-elect Donald Trump takes office later on Monday, according to Goldman Sachs Group Inc.

- Copper markets are pricing in a nearly 50% chance of a 10% US tariff on the industrial metal by the end of 1Q, a level that is in line with the outlook from the bank by the end of the year, analysts including Daan Struyven said in a note
  - Oil, however, is pricing in a nearly 40% probability of a 25% US tariff on Canadian goods including oil, well above the bank's in-house view of the odds of such a move by year-end, which are at 15%
- The bank recommends being long on 2Q 2025 West Canada Select locational Hardisty-Houston spread
- Goldman also recommends shorting June 2025 US heating oil to European gasoil differential

Copper Morning Technical (4-hour)

Support		Resistance		Current Price	Bull	Bear
S1	9,086	R1	9,201	9,181	RSI above 50	
S2	9,023	R2	9,290			
S3	8,938	R3	9,314			

Synopsis - Intraday

Source Bloomberg

- Price is between the EMA support band (Black EMA's)
- The RSI above 50 (52)
- Stochastic is below 50
- Price is below the daily pivot point USD 9,201
- Technically bullish on Friday, the MA on the RSI implied that we were seeing light momentum support; Countering this, the RSI remained in divergence on the 1-hour timeframe, not a sell signal, it did warn that we could see a momentum slowdown. The trend support line that formed between the 03/01 – 13/01 was acting as a resistance line, meaning we have started to form a rising wedge pattern. This formation showed the futures are climbing within an increasingly narrow channel, suggesting the bullish trend could potentially be about to exhaust. We continued to be resilient on this upside move; however, the 1-hour divergence alongside the rising wedge meant that we remained cautious on moves higher at those levels, as the technical warned that we are looking vulnerable to a pullback. We noted that although vulnerable to a technical pullback, the weekly close should be bullish, meaning we will have closed above the weekly 200-period MA (USD 9,012) for the second week in succession, implying we were seeing higher timeframe support in the market.
- The futures broke the rising wedge pattern to the downside, resulting in the USDS 9,149 support being broken. We are between the EMA support band with the RSI above 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 9,201 with the RSI at or above 64.5 will mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 8,938 will warn that there could be a larger, bullish Elliott wave cycle in play.
- Technically bullish with a neutral bias, the probability of the futures trading to a new high within this phase of the cycle has started to decrease. The MA on the RSI is implying we have light momentum weakness, whilst the break in RSI support suggests there could be further downside within this corrective phase. Key support to now follow is at USDS 8,938, downside moves that hold above this level will support a longer-term bull argument. The futures remain above the weekly 200-period MA (USD 9,013).

Aluminium Morning Technical (4-hour)

Support		Resistance		Current Price	Bull	Bear
S1	2,669	R1	2,678	2,673	RSI above 50	Stochastic overbought
S2	2,614	R2	2,711			
S3	2,591	R3	2,740			

Source Bloomberg

Synopsis - Intraday

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (69)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,669
- Technically bullish on Friday, the MA on the RSI implied that momentum remained supported. The upside move to USD 2,650 had created a lower timeframe Elliott wave extension, meaning downside moves should be considered as countertrend. For this reason, Fibonacci support levels were revised lower to highlight the expanding trend, key support was now at USD 2,544. Like copper, bullish price action on the weekly chart suggested that we could be about to see a seconded successive close above the weekly 200-period MA (USD 2,513), implying higher timeframe support in the market. We now had negative divergences on the 1-and-4-hour charts, although not sell signal, they did warn that buyside momentum could slow in the near-term. A close below the low of the last dominant bull candle (USD 2,631.5) would indicate sell side pressure was increasing, suggesting intraday market sellers were starting to take control.
- The futures failed to close below the USD 2,631.5 level, resulting in price trading to new highs. The 4-hour divergence has failed; however, we remain divergent on the 1-hour timeframe. Price is above all key moving averages supported by the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 2,669 with the RSI at or below 66.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 2,548 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the MA on the RSI is indicating that momentum is supported at this point; however, two consecutive Doji crosses are warning there is indecision in the market, whilst the 1-hour RSI is divergent. Not a sell signal, we are seeing signs of a momentum slowdown, warning buyside pressure is decreasing. If we close on the 4-hour candle below the low of the high candle (USD 6,292), it will suggest that selling pressure is increasing, whilst a close below the low of the last dominant bull candle (USD 2,653) will warn that support levels could come under pressure. We maintain a note of caution on upside moves at these levels; countering this, our Elliott wave analysis suggests downside moves should be considered as countertrend, making USD 2,558 the key support to follow. If broken, then the probability of the futures trading to a new high will start to decrease.

Zinc Morning Technical (4-hour)

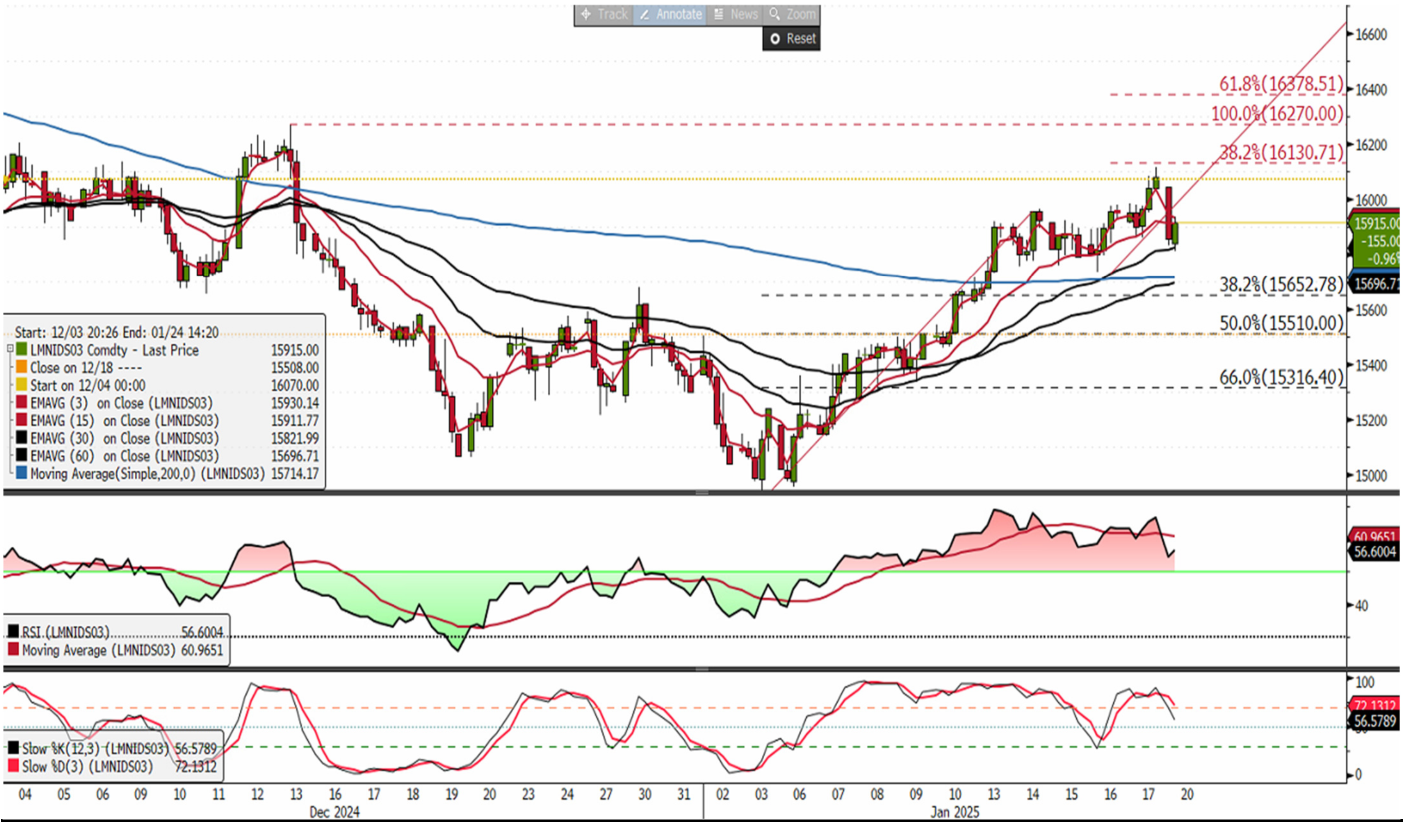
Support		Resistance		Current Price	Bull	Bear
S1	2,919	R1	2,953	2,949	RSI above 50	Stochastic overbought
S2	2,894	R2	2,965			
S3	2,878	R3	3,002			

Source Bloomberg

Synopsis - Intraday

- Price is above the EMA resistance band (Black EMA's)
- RSI is above 50 (61)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,919
- Technically bullish on the last report, the MA on the RSI implied momentum was supported, the 5-wave pattern lower had been followed by a fractal break, suggesting the corrective phase that started on the 24/10/24 looked to have completed. We were now cautious on downside moves, as the move higher is potentially in the early stages of a new bullish intraday Elliott wave cycle, meaning resistance levels were vulnerable.
- The futures continue to trade higher with price remaining above the EMA resistance bands supported by the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 2,919 with the RSI at or below 51.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 2,855 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the MA on the RSI is implying that momentum is supported. Based on our Elliott wave analysis the downside bear phase looks to have completed, meaning we maintain our view that moves lower should in theory be countertrend; this is supported by the RSI making new highs with price. If we do trade below USD 2,855, then the probability of the futures trading to a new high will start to decrease. We are bullish; however, the RSI is now divergent with the RSI on the 1-hour timeframe. Not a sell signal, it is warning we could see an intraday pullback, which will need to be monitored.

Nickel Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	15,652	R1	16,024	15,915	RSI above 50	Stochastic overbought
S2	15,510	R2	16,130			
S3	15,316	R3	16,270			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (56)
- Stochastic is overbought
- Price is below the daily pivot point USD 16,024
- Technically bullish yesterday, the futures had confirmed that that we have entered a countertrend corrective wave 4. Technically bullish on the previous report, the MA on the RSI was flat whilst price is in divergence with the RSI, warning we were looking vulnerable to a momentum slowdown, meaning we had a note of caution on upside moves at those levels. However, our Elliott wave analysis is suggested that we had the potential to trade as high as USD 16,378 within this phase of the cycle. The caveat, it we did achieve this level, then we would be looking at a bullish wave extension, as the lower timeframe oscillator cross was marginal. A cautious bull due to the divergence; if we closed on the 4-hour candle below the low of the last dominant bull candle (USD 15,840), then the probability of the USD 15,735 fractal support being tested and broken would start to increase. Conversely, failure to close above this level would indicate there remained an underlying support in the market.
- The futures traded to a high of USD 16,115 before entering a corrective phase on the back of the divergence, meaning we are back below Friday mornings values. We are above the EMA support band with the RSI above 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 16,024 with the RSI at or above 63 will mean price and momentum are aligned to the buyside. Downside moves below USD 15,735 will mean the intraday technical is bearish; however, corrective moves lower that hold at or above 15,316 will imply that there is a larger, bullish wave cycle in play.
- Technically bullish, the futures are moving lower due to the negative divergence. The MA on the RSI implies that we have light momentum weakness, warning support levels could come under pressure. Like Friday, we remain cautious on upside moves at these levels due to the divergence in play.

Lead Morning Technical (4-hour)

Support		Resistance		Current Price	Bull	Bull
S1	1,969	R1	1,987	1,978	RSI above 50	
S2	1,964	R2	2,009			
S3	1,961	R3	2,039			

Source Bloomberg

Synopsis - Intraday

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (56)
- Stochastic is above 50
- Price is above the daily point USD 1,969
- Technically bullish on Friday. Despite the deep pullback earlier last week, we had backed our Elliott wave analysis as the bearish wave cycle looked to have completed, we noted that if we sold to new lows, it would indicate a bearish wave extension; however, we could not see it. This had proved to be correct, based on our analysis that the bear cycle had completed, meaning we were cautious on downside moves.
- Having broken fractal resistance on Friday the futures sold lower; however, the Fibonacci support zone held, resulting in price finding bid support this morning. We are above all key moving averages with the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 1,969 with the RSI at or below 49 will mean price and momentum are aligned to sell side. Downside moves that hold at or above USD 1,948 will support a bull argument, below this level the technical will have a neutral bias.
- Unchanged on the technical this morning, we remain cautious on downside moves at this point, suggesting the USD 1,987 fractal resistance from Friday remains vulnerable. Lower timeframe Elliott wave analysis is indicating that we could trade as high as USD 1,997 in the near-term; however, we have a note of caution on upside breakouts as it could create a negative divergence on the 1-hour RSI.