FIS

Base Morning Technical Report

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(Bloomberg) -- Copper edged lower after US President Donald Trump said he planned to impose import tariffs on the metal, as well as aluminum and steel, raising fears of trade wars and aiding the dollar.

Trump made the pledge in a speech in which he also threatened levies on computer chips and pharmaceuticals, in an attempt to boost domestic manufacturing. The Financial Times reported that Treasury Secretary Scott Bessent is pushing for universal tariffs on US imports to start at 2.5% and rise gradually, citing unnamed sources. Trump subsequently said that he wants across-the-board levies that are "much bigger" than that.

The dollar strengthened, making commodities priced in the currency more expensive for most buyers, and aluminum and iron ore also fell modestly. The lack of major reactions in metals to the tariff threats may be due to sharp losses on Monday as risk aversion swept through markets amid a rout in technology stocks, as well as Chinese markets being closed for Lunar New Year holidays.

Any import tariffs on metals are likely to hit Canada the hardest. The US's northern neighbor accounted for just over half of its aluminum imports by value in 2023, Morgan Stanley said in a note this month. Canada was second, behind Chile, as a source of copper, and was the US's No. 1 foreign steel supplier, followed by Mexico and South Korea.
Read More: Trump Vows 'Near Future' Tariffs, Calls DeepSeek Progress 'Good'
Industrial metals have been under pressure as traders weigh the potential for a prolonged trade conflict, which would slow global growth and hurt demand. In China, factory activity shrank in January after three months of expansion, signaling caution among domestic consumers, while its embattled property sector shows little sign of a sustained rebound.
Copper slipped 0.5% to $9,049.50 a ton on the London Metal Exchange as of 12:24 p.m. in Singapore, following a 2% drop on Monday. Aluminum dipped 0.4% and zinc was down 0.9%. Iron ore futures fell 0.4% to $103.20 a ton in Singapore.

Copper Morning Technical (4-hour)

Support		Resistance		Current Price	Bull	Bear
S1	8,960	R1	9,146	9,050	Stochastic oversold	RSI below 50
S2	8,885	R2	9,161			
S3	8,757	R3	9,198			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- The RSI below 50 (39)
- Stochastic is oversold
- Price is below the daily pivot point USD 9,146
- Technically bullish yesterday, the futures have moved lower on the negative divergence with the RSI. However, we were holding above the USD 9,201 level and the EMA support band, whilst lower timeframe oscillators were on support. This warned that the USD 9,304.5 resistance could come under pressure in the near-term; if broken, we would target the USD 9,355.5 fractal high. Likewise, if rejected the USD 9,201 support could be tested and broken, meaning the probability of the futures trading to a new high would start to decrease. Although we remained cautious on upside moves due to the divergence in play, and the potential for further divergences on upside breakouts above USD 9,355.5, near-term momentum warned we could be about to see an intraday test to the upside.
- The futures moved only USD 25.00 higher before seeing a strong sell off, as global markets went risk off due to President Trumps continued trade threats, resulting in the futures entering bearish territory. 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 9,146 with the RSI at or above 52.5 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 9,247 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 weak, whilst the move lower yesterday resulted in the RSI breaking support, suggesting upside moves should be considered as countertrend at this point. We are now trading around the 50% retracement level (USD 9,056) from the move that started on the 31/012/24, we also have the 200-period weekly MA at USD 9,014, meaning we are entering a support zone. However, the futures are below the intraday 200-period MA (USD 9,070); for an intraday move higher, we will need to close above and hold above the USD 9,070 level, and the high of the last dominant bear candle (current higher of most recent dominant bear candle is USD 9,112). We are on a support zone, but the technical suggests that upside moves will struggle to hold.

Aluminium Morning Technical (4-hour)

Support		Resistance		Current Price	Bull	Bear
S1	2,533	R1	2,610	2,595	Stochastic oversold	RSI below 50
S2	2,563	R2	2,636			
S3	2,536	R3	2,649			

Source Bloomberg

Synopsis - Intraday

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (43)
- Stochastic is above 50
- Price is below the daily pivot point USD 2,610
- Technically bullish yesterday, our intraday Elliott wave analysis continued to suggest that downside moves look like they could be countertrend. As noted on Friday, the close above the USD 2,632 level warned that the USD 2,671 resistance could be tested and broken. We had sold lower with price back between the EMA support band, whilst price and momentum were conflicting; the RSI was also at 50, implying neutrality in the near-term. However, like copper, faster moving oscillators were now on support, whilst wave analysis remained bullish, meaning we had a note of caution on intraday moves lower at these levels.
- Like the rest of the commodities sector the futures sold lower yesterday, resulting in price trading below the USD 2,605.5 fractal support. 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 2,610 with the RSI at or above 52 will mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 2,563 will support a bull argument, below this level the technical will have a neutral bias. Conversely, upside moves that fail at or below USD 2,667 will warn that there could be further downside within the corrective phase.
- Technically bullish the futures remain in a corrective phase. We now have a 3-wave pattern lower (Elliott A, B, C), meaning we could soon start to look vulnerable to a move higher, providing we hold above the USD 2,563 level; if broken, then the probability of the futures trading to a new high will start to decrease. We traded below yesterday's low on the open this morning, meaning you are less likely to see a bullish breakout on the daily candle today, unless you trade above the previous day's high (USD 2,638.5). Elliott wave analysis suggests downside moves should in theory be countertrend, with price now on wave C, whilst we approach a support zone (Highlighted on chart). In theory, the market should now be on alert for bull signals (which will probably not appear until tomorrow at the earliest on the daily timeframe, unless we trade above the USD 2,638.5 level). The elephant in the room is that global markets were reportedly starting to go risk off yesterday; any further comments relating to trade from the U.S. administration could push the futures below the USD 2,563 level, into neutral territory. This technical remains corrective and is approaching a support zone but has not produced bullish price action at this point, meaning it is not yet a technical buy.

Zinc Morning Technical (4-hour)

Support		Resistance		Current Price	Bull	Bear
S1	2,807	R1	2,833	2,813	Stochastic oversold	RSI below 50
S2	2,779	R2	2,844			
S3	2,748	R3	2,866			

Source Bloomberg

Synopsis - Intraday

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (40)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,833
- Technically bearish yesterday, the rejection of the Fibonacci resistance zone warned that the USD 2,807.5 fractal low could be tested and broken. However, below this level the futures would be in divergence with the RSI; not a buy signal, it warned that we could see a momentum slowdown. We noted that if we did trade to a new low, it would indicate that we had seen a bearish higher timeframe Elliott wave extension, from the move that started on the 11/12/24, meaning we had the potential to trade as low as USD 2,761 within this phase of the cycle. However, we had a note of caution on a downside breakout, due to the divergence coming into play.
- The futures haver sold lower but remain above the USD 2,807.5 fractal low. 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 2,833 with the RSI at or above 44.5 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 2,866 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. However, upside moves that fail at or below USD 2,927 will warn that there could be a larger bearish wave cycle coming into play.
- Unchanged on the technical today, the upside rejection and deep pullback continue to suggest that the USD 2,807.5 fractal low could be tested and broken. However, we maintain a note of caution on downside breakouts, as the divergence warns that they could struggle to hold.

Nickel Morning Technical (4-hour)

Support		Resistance		Current Price	Bull	Bear
S1	15,520	R1	15,633	15,600		RSI below 50
S2	15,323	R2	15,721			
S3	15,168	R3	15,830			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (44)
- Stochastic is below 50
- Price is below the daily pivot point USD 15,633
- Technically bearish yesterday, the futures were starting to consolidate below the EMA support band. A move below USD 15,550 will create a positive divergence on the 1-hour timeframe, meaning we have a note of caution on downside breakouts below this level, as they could struggle to hold. However, our pattern analysis suggests that we remain on a corrective Elliot wave A, meaning upside moves should be considered as countertrend.
- The futures moved higher before selling to a new low yesterday. 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 15,633 with the RSI at or above 47 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below 15,721 will leave the futures vulnerable to further tests to the down-side, above this level the technical will have a neutral bias. Downside moves that hold at or above 15,323 will imply that there is a larger, bullish wave cycle in play.
- Technically bearish, the move to a new low means the futures are 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. Due to the upside move followed by a new low yesterday, we now have a 3-wave pattern lower. Elliott wave analysis on the correction is a little unclear if this is still a wave A, or an A, B, C correction. Above USD 15,830 the intraday technical will be bullish; however, upside moves that reject the USD 15,922 level will warn that there is potentially a larger bear cycle in play. Due the divergence, we have a note of caution on downside moves at these levels.

Lead Morning Technical (4-hour)

Support		Resistance		Current Price	Bull	Bear
S1	1,933	R1	1,947.5	1,942.50	Stochastic oversold	RSI below 50
S2	1,917	R2	1,958			
S3	1,895	R3	1,965			

Source Bloomberg

Synopsis - Intraday

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (44)
- Stochastic is oversold
- Price is below the daily point USD 1,947.5
- Technically bearish yesterday, the MA on the RSI indicated that momentum was weak. However, the 1-hour RSI was in divergence, whilst below USD 1,935.5 would create further divergences on the 1-and-4-hour timeframes, warning sell side momentum could slow. A cautious bear as downside moves could struggle to hold.
- The futures traded to a high of USD 1,957 on the back of the divergence, before selling lower with price now back at yesterday morning's levels. 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 1,947.5 with the RSI at or above 49.5 will mean price and momentum are aligned to buyside. Upside moves that fail at or below USD 1,975 will leave the futures vulnerable to tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, the upside move yesterday rejected the EMA resistance band, resulting in price selling lower. The futures are now approaching the USD 1,935.5 support, if broken it will create another positive divergence with the RSI, meaning we remain cautious on downside breakouts at this point. A cautious bear as downside moves could struggle to hold.