FIS

Base Morning Technical Report

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Metals

(Bloomberg) -- Metals including aluminum fell as optimism about the trade war truce between the US and China faded and the market turned back to concerns about the faltering Chinese economy.
Aluminum, along with iron ore and other base metals, pared gains from this week's rally on US-China talks. Markets have now turned more cautious again as uncertainty remains on when a final deal to stop the trade war will happen.
Traders are also turning back to market fundamentals and the resilience of the Chinese economy, the biggest consumer of industrial metals. Hopes for more government support have also been dampened by the positive outcome of tariff negotiations last weekend.
Read More: China's Investors Signal Trade Truce Is No Panacea for Markets
Aluminum fell 0.2% to $2,524 a ton on the London Metal Exchange at 11:50 a.m. Shanghai time, while copper declined 0.7%. All other metals traded lower on the exchange.
Iron ore futures in Singapore dropped 0.7% to $101.15 a ton, while yuan-priced futures on the Dalian exchange also fell.

Copper Morning Technical (4-hour)

Support		Resistance		Current Price	Bull	Bear
S1	9,474	R1	9,611	9,532	RSI above 50	
S2	9,450	R2	9,723			
S3	9,325	R3	9,895			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- The RSI above 50 (53)
- Stochastic is above 50
- Price is below the daily pivot point USD 9,611
- Technically we were bearish with a neutral bias yesterday, the probability of price trading to a new low had decreased. The futures were above the EMA support band and the 200-period MA (USD 9,467), price was making higher highs and higher lows, the divergence on the 4-hour timeframe had failed. Technically the USD 9,723 and USD 9,895 resistance levels were vulnerable, as price is moving away from the longer-term intraday moving average. If price and momentum became aligned to the sell side, it would warn of intraday weakness; whilst a close below the low of the last dominant bull candle (USD 9,499) would indicate sell side pressure was increasing, leaving the futures vulnerable to corrective move lower. From an Elliott wave perspective, we noted that this did not look like a bullish impulse move higher; however, based on the current trade situation, the psychology of the market (the wave pattern) was outside of the realms of what we would normally expect. Not shown by the RSI or the stochastic, we noted that we were seeing a momentum slowdown. The previous move (wave) that started on the 30/04/25 traded from a low of USD 9,088.5, to a high of USD 9,582 (+ 5.24%), the move consisted of 17 4-hour candles. The current move higher consisted of 23 candles with price only 3.24% higher. Based on price, we were seeing a momentum slowdown, meaning we did not consider the futures a technical buy at these levels.
- The futures have seen a small move lower but price remains 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 9,571 with the RSI at or above 61 will mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 8,861 will support a bull argument, below this level the technical will be back in bearish territory.
- Technically the Elliott wave cycle is bearish with a neutral bias, the probability of price trading to a new low has decrease. Near-term price action is bullish but in the early stages of a corrective phase. The MA on the RSI is flat, implying momentum is turning neutral; as noted yesterday, the current move higher is greater in time but less in percentage, warning buyside momentum is slowing, implying caution on moves higher.

Aluminium Morning Technical (4-hour)

Support		Resistance		Current Price	Bull	Bear
S1	2,519	R1	2,543.5	2,521.5	RSI above 50	Stochastic overbought
S2	2,481	R2	2,557			
S3	2,462	R3	2,607			

Source Bloomberg

Synopsis - Intraday

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (67)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,519
- The Elliott wave cycle remained bearish yesterday, whilst near-term price action continues to make higher highs and higher lows, with the RSI divergence failing. Price was above the 200-period MA, implying we have momentum support, as did the MA on the RSI, which is sloping higher. Technically, the USD 2,557 resistance was vulnerable; if broken, then the probability of the futures trading to a new low would start to decrease. However, we noted that we were trading 2 standard deviations above the linear regression line, warning we are starting to look overextended to the upside, meaning price was vulnerable to an intraday pullback.
- The futures traded to a high of USD 2,543.5; however, the move has failed to hold, meaning price is just above yesterday mornings levels. We are 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 2,519 with the RSI at or below 63 will mean price and momentum are aligned to the sell side. Upside moves that fail at or above USD 2,557 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- The Elliott wave cycle remains bearish yesterday, whilst near-term price action continues to make higher highs and higher lows. The MA on the RSI is now flat, implying buyside momentum is easing, whilst price has produced an intraday upside rejection candle. Price has moved below the 2 standard deviation line on the intraday technical; however, we remain overextended to the upside, implying caution on moves higher at this point. We should note that the futures are struggling to hold above the 200-period weekly MA at USD 2,525, a natural area of resistance to longer-term investors.

Zinc Morning Technical (4-hour)

Support		Resistance		Current Price	Bull	Bear
S1	2,733	R1	2,753	2,743.5	RSI above 50	Stochastic overbought
S2	2,682	R2	2,798			
S3	2,651	R3	2,785			

Source Bloomberg

Synopsis - Intraday

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (62)
- Stochastic is overbought
- Price is below the daily pivot point USD 2,753
- The Elliott wave cycle remained bearish yesterday, but near-term price action was moving higher with the futures making higher highs and higher lows. Price was trading on the 200-period MA (USD 2,736), a close above that held above it would warn that the USD 2,752 resistance could be tested and broken, if it was, then the probability of the futures trading to a new low would start to decrease. The acceleration in price action previously, and yesterday morning, did suggest market buyers were going to try and put price above the USD 2,752 resistance. However, we noted that the intraday RSI is approaching a resistance zone, whilst price was two standard deviations above the linear line. This warned that even if we did break key resistance, we could see an intraday move lower.
- The futures traded above the USD 2,752 resistance; however, the move is struggling to hold. We are above all key moving averages supported by the RSI above 50, intraday price and momentum are aligned to the buyside, as the previous candle closed on the daily pivot level.
- A close on the 4-hour candle below USD 2,753 with the RSI at or below 59.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 2,607 will support a bull argument, below this level the futures will be back in bearish territory.
- Technically bearish with a neutral bias, the probability of the futures trading to a new low has started to decrease. However, the intraday RSI is rejecting a resistance zone with price moving below the two standard deviation line, implying the futures look to be in the early stages of a corrective phase. If we close below and hold below the intraday 200-period MA (USD 2,733), it will warn that the Fibonacci support zone could come under pressure. We continue to have a note of caution on higher moves at these levels due to RSI resistance and the linear regression.

Nickel Morning Technical (4-hour)

Support		Resistance		Current Price	Bull	Bear
S1	15,470	R1	15,848	15,625		RSI below 50
S2	15,172	R2	15,923			
S3	14,922	R3	16,100			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (48)
- Stochastic is above 50
- Price is below the daily pivot point USD 15,848
- From a technical perspective, the Elliott wave cycle was bearish with a neutral bias yesterday, meaning the probability of the futures trading to a new low had started to decrease. We noted that the failure to trade below the USD 15,460 level previously could be significant, as the technical pattern looked like we could have a bullish inverse head and shoulders pattern coming into play. If we closed above and held above the USD 15,905 level, or saw a high volume breakout, preferably with some kind of increase in volatility; then it would indicate that momentum was to the buyside, meaning resistance levels could be tested and broken. Conversely, if we failed to break above USD 15,905, or hold a break above this level, then be cautious. As a failed breakout could shake out recent longs that had been accumulating during the period that the pattern had formed.
- The futures traded to a high of USD 15,980; however, the move failed to hold, resulting in a high volume upside rejection candle that has been followed by a move lower. We are below the EMA support 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 15,848 with the RSI at or above 55.5 will mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 14,584 will support a bull argument, below this level the technical will be back in bearish territory.
- Bearish with a neutral bias, the upside rejection on a high volume candle has resulted in price trading below the intraday 200-period MA (USD 15,694), if we close below and hold below the average it will warn that support levels could be tested and broken. Likewise, a move below USD 15,460 will indicate that the inverse head and shoulders continuation pattern has failed. The rejection implies that recent market longs are exiting, warning support levels are vulnerable.

Lead Morning Technical (4-hour)

Support		Resistance		Current Price	Bull	Bear
S1	1,976	R1	1,991	1,983	RSI above 50	
S2	1,959	R2	2,006			
S3	1,944	R3	2,039			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (54)
- Stochastic is above 50
- Price is below the daily point USD 1,991
- The technical was bearish yesterday; however, price was on the 200-period MA and channel support (USD 1,977—USD 1,979), meaning we were at an inflection point. We noted that if we held support, then the USD 2,006 resistance could be tested and broken; if it was, then the probability of price trading to a new low would start to decrease. Conversely, a close below that held below the USD 1,977 level would warn that support levels could come under pressure. The technical was in balance, meaning near-term price action was neutral.
- The futures traded to a high of USD 2,004 before producing an intraday rejection candle, resulting in a move back to yesterday mornings levels. We are above all key moving averages supported by the RSI above 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 1,991 with the RSI at or above 59 will mean price and momentum are aligned to the buyside. Upside move that fail at or below USD 2,006 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 remain at an inflection point as price is just above the intraday 200-period MA (USD 1,976); however, the upside move yesterday has resulted in a small rejection of the USD 2,006 level, and the daily 200-period MA (USD 2,011). If we hold above the USD 1,976 level, then resistance levels will remain vulnerable; conversely, a close below that holds below the average will imply that resistance levels could come under pressure.