



# Base Morning Technical Report

info@freightinvestor.com | freightinvestorservices.com | (+44) 207 090 1120

Cu

(Bloomberg) -- Copper headed for a fifth monthly gain this year as a major supply squeeze continued to impact the London Metal Exchange's market.

LME copper contracts on Monday that were due for delivery in one day was at a \$50-a-ton premium to those expiring a day later. The so-called tom/next spread traded at \$98 a ton on Thursday, the highest since an historic short squeeze in 2021. The latest shortage started after a rapid drawdown in inventories on the LME and in China, as traders moved record volumes of copper to the US seeking to front-run tariffs proposed by the White House. The surge in the premium, known as back-wardation, can be hugely problematic for buyers caught on the wrong side of the move.

Read More: Copper Squeeze Deepens as Key Spreads Trade Near Four-Year Highs

In China, factory activity remained in contraction this month, although conditions eased from May as trade rebounded following the ceasefire in the tariff war with the US.

Copper was 0.2% lower at \$9,858 a ton on the LME as of 10:27 a.m. in Shanghai, up almost 4% for the month. Other industrial metals also edged down, with zinc dipping 0.3% to \$2,772 a ton, retreating from the highest level since early April.

# Copper Morning Technical (4-hour)



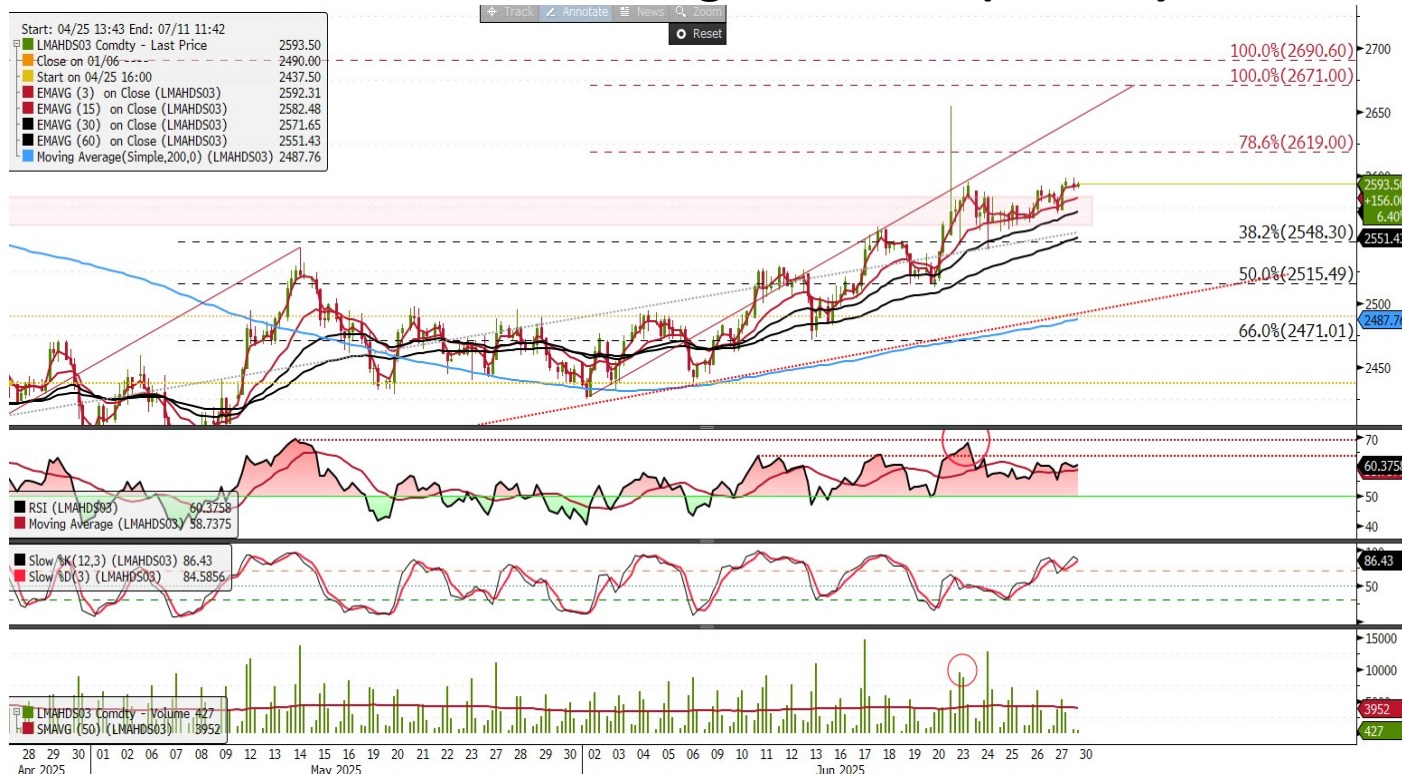
Support		Resistance		Current Price	Bull	Bear
S1	9,823.5	R1	9,911	9,875	RSI above 50	Stochastic overbought
S2	9,798	R2	10,013			
S3	9,761	R3	10,101			

## Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- The RSI above 50 (61)
- Stochastic is overbought
- Price is above the daily pivot point USD 9,872
- Technically bullish on Friday, the MA on the RSI implied that momentum was supported. The RSI was testing resistance, meaning we still had a very minor divergence in play, warning the futures were vulnerable to an intraday pullback. However, the upside breakout was supported by a high volume and above average candle length (volatility expansion), warning there could be further upside to follow. A close below the low of the breakout candle (USD 9,761) would indicate that sell side pressure was increasing, whilst a move below USD 9,662 would warn that the probability of the futures trading to a new high had started to decrease. The high volume candle warned that downside moves could be countertrend in the near-term.
- The futures have seen a small intraday pullback; however, we are seeing light bid support in the Asian day session having traded to a low of USD 9,823.5 on Friday. We are above all key moving averages supported by the RSI above 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle below USD 9,872 with the RSI at or below 60 will mean price and momentum are aligned to the sell side; likewise, a close above this level with the RSI at or above 64.5 will mean it is aligned to the buy side. downside moves that hold at or above USD 9,662 will support a bull argument.
- Unchanged on the technical this morning with the futures remaining technically bullish. The futures have seen a small intraday pullback due to the RSI rejecting resistance; however, as noted last week, the upside breakout on the high volume candle was supported with expanding volatility, warning there could still be further upside in the very-near-term. For downside continuation, the futures will need to close below the low of the breakout candle (USD 9,761).

# Aluminium Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	2,587	R1	2,597	2,593.5	RSI above 50	Stochastic overbought
S2	2,564	R2	2,623			
S3	2,556	R3	2,632			

Source Bloomberg

## Synopsis - Intraday

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (60)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,587
- Technically bullish last week, the MA on the RSI was flat, implying momentum was neutral. As noted previously, we had linear regression resistance on the daily chart (2 stdv above bull and bear lines) between USD 2,615—USD 2,624, meaning we remained cautious on upside moves around that area in the near-term. However, lower timeframe Elliott wave analysis did suggest that intraday downside moves had the potential to be countertrend. A close that held below the intraday linear-regression support on the 4-hour candle (USD 2,551) would warn that the Fibonacci support zone could come under pressure; likewise, a daily close that held below the daily 200-period MA would also indicate that sell side pressure was increasing. We remain cautious on moves higher in the near-term, as the daily linear regression resistance warned that we could struggle to hold.
- The futures have seen a very small move higher with price remaining 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 2,587 with the RSI at or below 56.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 2,471 will support a bull argument, below this level the technical will be back in bear territory.
- Technically bullish, the MA on the RSI implies we have light momentum support; however, we have linear regression resistance at two standard deviations above the intraday and daily timeframes between USD 2,623—USD 2,634, suggesting caution on upside moves around these levels. If we see a daily close above the weekly pivot level (USD 2,597) it will leave linear regression resistance vulnerable in the near-term. As time expands, the lower timeframe Elliott wave cycle is becoming less clear; previously, it had suggested that downside move could be countertrend, this is now unclear. If we close below the low of the last dominant bull candle (USD 2,573.5), then we could see the Fibonacci support zone come under pressure. Likewise, a close that holds below the daily 200-period MA (USD 2,564) will warn that sell side pressure is increasing. We are more neutral on this technical, as we are cautious on upside moves, but lack clarity on downside moves being countertrend.

# Zinc Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,783.5	RSI above 50	Stochastic overbought
S2	R2			
S3	R3			

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 2,767
- Near-term price action remained bullish on Friday with the MA on the RSI implying that momentum was supported at that point. However, the futures were finding resistance at two standard deviations above the linear regression line (USD 2,776), leaving the futures vulnerable to an intraday pullback. We noted that with the RSI now making new highs on both the 4-hour and 1-hour timeframes, meaning downside moves looked like they could be countertrend, this was supported by lower timeframe Elliott wave analysis. If we did trade below the USD 2,669 level, then the probability of price trading to a new high would start to decrease. We were cautious on upside moves at these levels, as linear regression resistance warned that we were looking over extended to the upside in the near-term.
- The futures sold to a low of USD 2,471 before finding bid support, resulting in price trading to a new high. We are above all key moving averages supported by the RSI above 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle below USD 2,767 with the RSI at or below 64.5 will mean price and momentum are aligned to the sell side; likewise, a close above this level with the RSI at or above 69 will mean it is aligned to the buy side. Downside moves that hold at or above USD 2,671 will support a bull argument, whilst upside moves that fail at or below USD 2,831 will leave the futures vulnerable to further tests to the downside, above this level the higher timeframe Elliott wave cycle will have a neutral bias.
- Near-term price action is bullish; however, the new high means the RSI is divergence with price, meaning we remain cautious on moves higher at these levels in the near-term, as price is vulnerable to a technical pullback. However, as noted previously, with both the 4-and-1-hour timeframes making new highs, the technical suggests that downside moves have the potential to be countertrend.



# Zinc Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	2,690	R1	2,742	
S2	2,682	R2	2,786	
S3	2,664	R3	2,831	
		2,731	RSI above 50	Stochastic overbought

Source Bloomberg

## Synopsis - Intraday

- Price is above the EMA resistance band (Black EMA's)
- RSI is above 50 (64)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,704
- Near-term price action remained bullish yesterday, suggesting the USD 2,716 resistance would be tested and broken, a rising MA on the RSI supported this. However, we had a note of caution on upside breakouts above USD 2,715.5, as it would create a negative divergence on the 1-hour timeframe, warning we could see a momentum slowdown. Lower timeframe Elliott wave analysis (sub 1-hour), indicated that downside moves should be considered as countertrend.
- The futures traded above the USD 2,715.5 level yesterday with price continuing to find bid support today. 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 2,704 with the RSI at or below 57 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 2,653 will support a bull argument, a move below this level will leave the USD 2,613 support vulnerable.
- Price action remains bullish with the MA on the RSI implying momentum is supported; however, we do still have a minor divergence on the 1-hour chart that needs to be monitored, as it warns we could see a momentum slowdown. As highlighted previously, lower timeframe Elliott wave analysis suggests downside moves should be considered as countertrend. We remain cautious on moves higher at these levels whilst the divergence is in play.

# Nickel Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	15,103	R1	15,291	15,220	RSI above 50	Stochastic overbought
S2	15,042	R2	15,389			
S3	14,960	R3	15,555			

## Synopsis - Intraday

Source Bloomberg

- Price is above the EMA resistance band (Black EMA's)
- RSI is above 50 (57)
- Stochastic is overbought
- Price is on/below the daily pivot point USD 15,228
- Technically bullish on Friday, the MA on the RSI implied that momentum remained supported at that point; we noted that if price and momentum became aligned to the sell side, then we could see Fibonacci support levels coming under pressure, making USD 14,949 the key support to follow. If broken, then the probability of the futures making a new high will start to decrease. As highlighted previously, the bearish Elliott wave cycle looked to have completed, suggesting downside moves should be considered as countertrend.
- The futures have seen alight bid support, resulting in price trading to a new high. We are above all key moving averages supported by the RSI above 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle below USD 15,228 with the RSI at or below 55 will mean price and momentum are aligned to the sell side; likewise, a close above this level with the RSI at or above 59.5 will mean it is aligned to the buy side. Downside moves that hold at or above USD 14,960 will support a bull argument, below this level the technical will be back in bearish territory.
- Technically bullish, the new high means that the futures are in divergence with the RSI, warning we are now vulnerable to an intraday pullback, making USD 14,960 the key support to follow. As noted previously, the downside corrective Elliott wave cycle looks to have completed, implying moves lower have the potential to be countertrend; however, if we do trade below USD 14,960, it will warn that the probability of the futures trading to a new high will start to decrease. A cautious bull, the divergence warns that intraday support could come under pressure.

# Lead Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	2,038	R1	2,064	2,041.5	RSI above 50	
S2	2,027	R2	2,082			
S3	2,019	R3	2,090			

## Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (61)
- Stochastic is above 50
- Price is above the daily point USD 2,038
- Technically bullish last week, the MA on the RSI implied that we had light momentum weakness. However, as noted previously, the divergence failure coupled with the RSI making a new high suggested that downside moves should be considered as countertrend, making USD 1,997 the key support to follow. If broken, then the probability of the futures trading to a new high would start to decrease.
- The Futures remain supported with price above all key moving averages, the RSI is above 50 with intraday price and momentum conflicting.
- A close on the 4-hour candle above USD 2,038 with the RSI at or above 64 will mean price and momentum are aligned to the buy side; likewise, a close below this level will mean it is aligned to the sell side. Downside moves that hold at or above USD 1,997 will support a bull argument, below this level the technical will be back in bearish territory.
- Technically bullish, the MA on the RSI is implying we have light momentum weakness, whilst a move above the USD 2,049.5 fractal high will create a negative divergence with the RSI. Not a sell signal, it is a warning that upside breakouts could struggle to hold in the near-term. However, as noted previously, the previous divergence failure is warning that downside moves have the potential to be countertrend, making USD 1,997 the key support to follow. If broken, then the probability of price trading to a new high will start to decrease.