Base Morning Technical Report

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

US

(Bloomberg) -- Currency options markets are signaling the dollar will come under renewed pressure, just as a wave of risks threatens to weigh on the greenback heading into August.

One-month risk reversals in the Bloomberg Dollar Spot Index — a key measure of sentiment — have shifted into negative territory for the first time in two weeks, favoring protection against dollar weakness. The repricing reflects expectations that bearish forces may soon dominate again.

Several macro catalysts are in play. Traders are watching for a dovish signal from the Federal Reserve at its July meeting, alongside concerns about policy unpredictability in Washington and the central bank's independence. Fresh tariff announcements and continued weakness in US economic data could further erode dollar sentiment.

"We could see a weaker dollar because we had a peak in short-term rates and a steepening of the long-end," Peter Kinsella, head of foreign-currency strategy at Union Bancaire Privee Ubp SA in London said in an interview with Bloomberg TV.

"Trump is adding uncertainty with pressure on" Fed Chair Jerome Powell, he said, adding that the dollar probably hasn't bottomed out yet.

Copper Morning Technical (4-hour)

Support		Resistance		Current Price	Bull	Bear
S1	9,831	R1	9,861	9,846.5	RSI above 50	Stochastic overbought
S2	9,771	R2	9,920			
S3	9,736	R3	100.20			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA resistance band (Black EMA's)
- The RSI at 50 (61)
- Stochastic is overbought
- Price is above the daily pivot point USD 9,831
- The Elliott wave cycle remained bearish yesterday; however, near-term price action was supported, having produced a higher high and higher low, we noted that we had also seen an upside move on higher volume bull support candles. The RSI low on the 09/07 suggested that this upside move had the potential to be countertrend, making USD 9,861 the key resistance to follow. If broken, then the probability of the futures trading to a new low would start to decrease. In theory, the upside move had looked like it could be countertrend, whilst faster moving momentum indicators were currently overbought in the near-term; however, the higher high and higher low whilst the MA on the RSI implied that momentum was supported, suggesting that the USD 9,861 resistance was vulnerable.
- The futures traded to a high of USD 9,885 before seeing a very light pullback, meaning the USD 9,861 level has been broken. 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 9,831 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 9,688 will support a near-term bull argument, below this level the technical will be back in bearish territory.
- Bearish with a neutral bias on the Elliott wave cycle, the probability of the futures trading to a new low has started to decrease. The MA on the RSI implies that momentum is supported; however, the futures are finding resistance two standard deviations above the linear regression line, implying we could be a little overextended to the upside in the near-term. The futures had bull support candles within the consolidation phase and on the move higher, key resistance has been broken, whilst price is above the 200-period MA (USD 9,711). With evidence of market support at lower levels, corrective moves have the potential to be countertrend, making USD 9,688 the key Fibonacci support to follow. If we do close below the low of the last dominant bull candle (USD 9,749.5), then it will indicate that sell side pressure is increasing, warning the USD 9,688 level could be tested.

Aluminium Morning Technical (4-hour)

Support		Resistance		Current Price	Bull	Bear
S1	2,642	R1	2,654	2,646	RSI above 50	Stochastic overbought
S2	2,615	R2	2,670			
S3	2,589	R3	2,697			

Source Bloomberg

Synopsis - Intraday

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (63)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,642
- The technical was bullish yesterday with the MA on the RSI implying momentum was supported. Price and the RSI were making new highs, warning support levels could hold if tested; however, if we did trade below the USD 2,587 level, then the probability of price trading to a new high would start to decrease. The upside breakout on high volume bull support candles warned that the USD 2,654.5 fractal high could be tested and broken. We noted that faster moving momentum (6-period RSI) were overbought, implying we were looking a little overextended in the near-term, which would need to be monitored.
- The futures are now consolidating on their highs, we remain 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 2,642 with the RSI at or below 58 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 2,589 will support a bull argument, below this level the technical will behave a neutral bias.
- Technically bullish, the MA on the RSI implies that momentum is supported. Like Copper, downside support held on above average volume candles, as has the upside move that followed, implying there is an underlying support in the market. Faster moving intraday momentum (6-period RSI) has pulled back to 63 due to the consolidation that we are seeing, it is still high, but no longer overbought. Downside moves that hold and close below the linear regression line (USD 2,620) will indicate that sell side pressure is increasing, warning the USD 2,589 support could be tested. If broken, then the probability of price trading to a new high will start to decrease. We are consolidating, implying buyside pressure has eased, if price and momentum become aligned to the sell side, then the futures will be vulnerable to an intraday corrective pullback.

Zinc Morning Technical (4-hour)

Support		Resistance		Current Price	Bull	Bear
S1	2,799	R1	2,846	2,830.5	RSI above 50	Stochastic overbought
S2	2,776	R2	2,879			
S3	2,744	R3	2,934			

Source Bloomberg

Synopsis - Intraday

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (64)
- Stochastic is overbought
- Price is below the daily pivot point USD 2,846
- Technically bullish yesterday, the MA on the RSI implied that momentum was supported. Both price and the RSI were making new highs, warning intraday downside moves had the potential to be countertrend in the near-term. However, we were trading at two standard deviations above the linear regression line, whilst faster moving momentum (6-period RSI) was overbought at 93, meaning the technical was vulnerable to an intraday pullback.
- The futures traded to a new high but the move failed to hold, resulting in a small move lower. 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 2,846 with the RSI at or above 70 will mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 2,744 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the futures are moving lower on an intraday upside rejection candle which was two standard deviations above the linear regression line, warning support levels could come under pressure in the near-term. However, lower timeframe Elliott wave analysis suggests that downside moves should be considered as countertrend, making USD 2,744 the key support to follow. If broken, then the probability of price trading to a new high will start to decrease.

Nickel Morning Technical (4-hour)

Support		Resistance		Current Price	Bull	Bear
S1	15,4345	R1	15,610	15,505	RSI above 50	Stochastic overbought
S2	15,327	R2	15,799			
S3	15,247	R3	15,960			

Synopsis - Intraday

Source Bloomberg

- 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 15,434
- Technically bullish yesterday, the MA on the RSI implied that momentum is supported. As noted on Friday, the downside move had achieved the minimum requirement for cycle completion, resulting in price trading to new highs. The RSI was supporting the upside move, warning downside moves now had the potential to be countertrend, making USD 15,047 the key support to follow. If broken, then the probability of the futures trading to a new high would start to decrease. As with the rest of the base complex, the 6-period RSI was now at 87, warning near-term momentum is overbought, leaving the futures vulnerable to an intraday pullback.
- We didn't see an intraday pullback yesterday with price trading to new highs. We are above all key moving averages supported by the RSI above 50, intraday price and momentum are conflicting, as the previous candle close below the daily pivot level.
- A close on the 4-hour candle below USD 15,434 with the RSI at or below 57 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. Downside moves that hold at or above USD 15,139 will support a bull argument, below this level the technical will be back in bearish territory.
- Technically bullish, the MA on the RSI implies that momentum is supported, warning the USD 15,585 fractal high remains vulnerable in the near-term; however, monitor an upside breakout, as there is a chance that we could be in divergence. Having completed the downside cycle; Elliott wave analysis is suggesting that downside moves should be considered as countertrend.

Lead Morning Technical (4-hour)

Support		Resistance		Current Price	Bull	Bear
S1	2,001	R1	2,008	2,007		Stochastic overbought
S2	1,998	R2	2,019			
S3	1,992	R3	2,035			

Synopsis - Intraday

Source Bloomberg

- Price is between the EMA support band (Black EMA's)
- RSI is at 50 (50)
- Stochastic is overbought
- Price is below the daily point USD 2,008
- Technically bearish yesterday, the MA on the RSI implied that momentum was supported. The deep pullback did suggest that the probability of the futures trading to a new high had started to decrease. Downside moves that held at or above USD 1,982 would support a bull argument, below this level would leave support levels vulnerable. However, we had moved higher on a high volume dominant bull support candle, suggesting for downside continuation the futures needed to close below the low of this candle (USD 1,977), making this the more important of the two support levels. Price was at an inflection point, as we are trading on the intraday 200-period MA (USD 2,006). If we close and held above this level, then the USD 2,035 resistance would become vulnerable; if broken, then the futures would be back in bull territory. We were at an inflection point, the deep pullback suggested caution on moves higher; this was countered by the bull support candle, meaning we had a neutral bias.
- The futures traded to a high of USD 2,017.5 before trading to a low of USD 1,994. We are between the EMA support band with the RSI neutral at 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle below USD 2,008 with the RSI at or below 46 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 at or below USD 2,035 will leave the futures vulnerable to further moves to the downside, above this level the technical will be back in bullish territory.
- Technically bearish (with a neutral bias), the MA on the RSI implies that momentum is supported. As highlighted yesterday, for downside continuation, the futures will need to close below the low of the last dominant bull candle (USD 1,977), making this the key support to follow. If we close and hold above the intraday 200-period MA (USD 2,006), it will warn that resistance levels are vulnerable. Likewise, a close that holds below the daily 200-period MA (USD 2,001) will strengthen a seller's argument. We remain at an inflection point, and maintain a neutral bias.