Base Morning Technical Report

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(Bloomberg) -- Codelco stopped processing ore at its biggest copper mine in Chile after a deadly tunnel collapse on Thursday prompted a halt of underground activities.
The El Teniente complex ran out of stockpiled ore and had to put its plants, including the Caletones smelter, on care and maintenance, the state-owned company said on Tuesday. About 5,000 workers were brought in to the ground-level facilities to check that equipment isn't damaged and is ready to restart.
That means ripples from last week's collapse that killed six workers will start to reach global markets soon. The shutdowns will reduce output of the metal used in wiring, electronics and construction by about 30,000 metric tons a month, a quarter of Codelco's production.
"The situation is very delicate and an investigation is underway," said Michael Cuoco, head of metals at StoneX Financial Inc. "As long as it's ongoing, I find it extremely unlikely that the mine will be able to reopen."
Read More: Codelco Mine Accident Could Weigh on Credit Profile, S&P Warns
Copper prices haven't delivered a major reaction to the Chilean outage so far, with investors also grappling with the fallout from US tariffs. The metal on the London Metal Exchange rose 0.2% by 9:58 a.m. Shanghai time to $9,658 a ton, and is up about 0.5% since the mine incident.
Codelco is committed to resuming operations as soon as conditions allow, it said in a filing on Monday. The company is convening an international panel of experts to audit the mine and establish what happened.
The main union at El Teniente is hoping to have an agreement in place in the coming days that would allow a gradual return to work in areas not directly affected by the collapse. Still, any resumption would have to be cleared by mines regulator Sernageomin.

Copper Morning Technical (4-hour)

Support		Resistance		Current Price	Bull	Bear
S1	9,605	R1	9,671	9,651		RSI below 50
S2	9,571.5	R2	9,721			
S3	9,558	R3	9,750			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- The RSI below 50 (43)
- Stochastic is below 50
- Price is below the daily pivot point USD 9,671
- Technically bearish yesterday, the MA on the RSI is implied momentum was supported. We noted that we were running our linear regression from high to low, which illustrated that price was trading two standard deviations above the line. In theory, upside moves based on our Elliott wave analysis were countertrend, as price missed the low by USD 4.5, making USD 9,831 the key resistance to follow. Above this level the probability of the futures trading to a new high would start to decrease. With price in the EMA resistance band whilst at the linear regression resistance, we had a note of caution on intraday upside moves at those levels, as they could struggle to hold. The previous close at USD 9,687 was USD 1 above the weekly pivot point, from a technical perspective, this close was not definitive enough to signal buyside pressure is increasing.
- The futures rejected the resistance points highlighted, resulting in price trading to a low of USD 9,622.5. We are seeing light bid support on the open but remain below the EMA resistance 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 9,671 with the RSI at or above 47 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 9,831 will warn that there is potentially a larger, bearish Elliott wave cycle in play, above this level the technical will have a neutral bias.
- Technically bearish, the upside rejection of the 200-period MA (USD 9,744) highlights market sellers at higher levels. For downside continuation, we are going to need to see a close below the linear regression line (USD 9,605); if we do, then we should test the USD 9,571.5 fractal low. If we hold above the USD 9,605 level, and close and hold above the longer-term average, it will indicate that buyside pressure is increasing. Key resistance remains unchanged at USD 9,831, above this level the probability of price trading to a new low will start to decrease.

Aluminium Morning Technical (4-hour)

Support		Resistance		Current Price	Bull	Bear
S1	2,567	R1	2,582	2,576		RSI below 50
S2	2,560	R2	2,589			
S3	2,541	R3	2,603			

Source Bloomberg

Synopsis - Intraday

- Price is below the EMA resistance band (Black EMA’s)
- RSI is below 50 (46)
- Stochastic is above 50
- Price is above the daily pivot point USD 2,567
- Unchanged on the technical yesterday, we remained bearish with price below the intraday 200-period MA (USD 2,579) but above the daily 200-period MA (USD 2,567). A close that held above the USD 2,579 level would support a near-term buyers argument; however, as noted previously, our intraday Elliott wave analysis did suggest that upside moves could be countertrend, making USD 2,623 the key resistance to follow. If broken, then the probability of the futures trading to a new low will start to decrease. There is still evidence of support in the market due to the increased volume around yesterdays lows, warning there is still the potential for further upside in the near-term.
- We futures remain supported, with price consolidating rather than moving higher. We reman below all key moving averages with the RSI below 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 2,567 with the RSI at or below 39.5 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 2,623 will leave the futures vulnerable to further tests to the downside, above this level the technical will be back in bullish territory.
- Unchanged on the technical this morning, price remains supported with a trend support line now forming (USD 2,560). A close that holds below this line will imply sell side pressure is increasing, warning the USD 2,543 support could be tested and broken. Conversely, a close that holds above the intraday 200-period MA (USD 2,582) will further support an intraday buyer’s argument. However, our Elliott wave analysis continues to suggest that upside moves should be considered as countertrend, making USD 2,623 the key resistance to follow. If broken, then the probability of the futures trading to a new low will start to decrease. A volume drop yesterday within the consolidation, based on our wave analysis, we remain cautious on upside moves, as they could struggle to hold.

Zinc Morning Technical (4-hour)

Support		Resistance		Current Price	Bull	Bear
S1	2,762	R1	2,775	2,770.5		RSI below 50
S2	2,733	R2	2,795			
S3	2,719	R3	2,822			

Source Bloomberg

Synopsis - Intraday

- Price is between the EMA resistance band (Black EMA's)
- RSI is below 50 (49)
- Stochastic is above 50
- Price is above the daily pivot point USD 2,762
- Technically bullish with a neutral bias yesterday, the MA on the RSI implied that we had light momentum support. The futures had closed and held above the intraday 200-period MA (USD 2,731), implying near-term buyside support. However, as noted previously, our Elliott wave analysis did suggest that upside moves should be considered as countertrend, making USD 2,822 the key resistance to follow. Above this level the probability of the futures trading to a new high would start to decrease. The futures are now testing the Fibonacci resistance zone, and the EMA resistance band, whilst moving higher on lower volume, meaning we did have a note of caution at those levels, as upside moves from here have the potential to be limited. We also noted that USD 2,785 was a double top formation from late June and July, although it was broken, this area still had the potential to attract selling interest.
- The futures traded to a high of USD 2,782.5 before selling lower; however, price has opened with light bid support this morning. We are between the EMA resistance band with the RSI near-neutral at 49, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 2,762 with the RSI at or below 41.5 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 2,822 will leave the futures vulnerable to further tests to the downside, above this level the technical will be back in bullish territory.
- Bullish but with a neutral bias, the probability of the futures trading to a new high has decrease. The MA on the RSI does indicate momentum support; however, our intraday Elliott wave analysis suggests that upside moves should be considered as countertrend. Price is testing the Fibonacci resistance zone again, whilst we have the double top formation highlighted yesterday at USD 2,785, whish has the potential to attract market sellers. Technically , we are cautious on moves higher at these levels, as thay could struggle to hold.

Nickel Morning Technical (4-hour)

Support		Resistance		Current Price	Bull	Bear
S1	15,027	R1	15,200			
S2	14,976	R2	15,340	15,115		
S3	14,820	R3	15,451			

Synopsis - Intraday Source Bloomberg

- Price is between the EMA resistance band (Black EMA's)
- RSI is at 50 (50)
- Stochastic is above 50
- Price is above the daily pivot point USD 14,976
- Technically bearish yesterday, the MA on the RSI implied that momentum was supported. The futures had rejected the intraday 200-period MA yesterday (USD 15,171), warning that there was sell side resistance in the market. Although the bear cycle looked to have completed due to the move higher on the divergence, meaning we had a note of caution on downside moves, the MA rejection did warn that we could see an intraday test to the downside in the near-term (today). If we closed and held above the longer-term average, then the USD 15,340 resistance would start to look vulnerable.
- The futures sold to a low of USD 14,930 on the MA rejection; however, we have opened with bid support this morning. We are between the EMA resistance band with the RSI above 50, intraday price and momtum are aligned to the buyside.
- A close on the 4-hour candle below USD 14,976 with the RSI at or below 45 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 15,340 will warn that there could be a larger, bearish Elliott wave cycle in play.
- Technically bearish, the MA on the RSI implies momentum is supported, with the average holding when tested yesterday. Our Elliott wave analysis does suggest the corrective cycle may have completed; however, for upside continuation, the futures will need to close and hold above the 200-period MA (USD 15,159). Key resistance remains unchanged at USD 15,340, if broken, then the probability of price trading to a new low will start to decrease. The upside move from the USD 14,760 low was on higher volume, the corrective move yesterday was on lower volume, suggesting market buyers had stepped back, rather than sell side pressure increasing. We remain cautious on downside moves based on our wave analysis and volume support. Key focus should be on the 200-period MA.

Lead Morning Technical (4-hour)

Support		Resistance		Current Price	Bull	Bear
S1	1,990	R1	1,999	1,996.5	RSI above 50	Stochastic overbought
S2	1,970	R2	2,012			
S3	1,959	R3	2,023			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA resistance band (Black EMA's)
- RSI is above 50 (54)
- Stochastic is overbought
- Price is above the daily point USD 1,970
- Technically bearish yesterday, the MA on the RSI implied that momentum was supported. The price spike on the close on the 10/8 had been followed by a new low and a positive divergence with the RSI, meaning we are now cautious on downside moves. The lower timeframe Elliott wave cycle had potentially completed, a move above USD 1,981 would mean the intraday technical was bullish.
- The futures have continued to move higher with price above the USD 1,981 fractal resistance, meaning the intraday technical is bullish. 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 1,970 with the RSI at or below 38 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 2,012 will warn there could be a larger, bearish, Elliott wave cycle in play.
- Technically bullish, the MA on the RSI implies that momentum is supported, whilst the intraday bear cycle looks like it may have completed. The futures are now trading above the weekly pivot level (USD 1,990), a daily close above this level will indicate that buyside pressure is increasing, warning the USD 2,012 resistance could be tested and broken. If it is, the USD 2,021 and USD 2,042 fractal resistance levels will become vulnerable. Conversely, if rejected, it will warn that there could be a larger, bearish Elliott wave cycle in play. We are now cautious on moves lower based on our wave analysis and momentum support; however, we would like to see an increase in upside volume today, to support the move.