Base Morning Technical Report

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US

(Wall Street Journal) -- The Federal Reserve's July decision to hold interest rates steady was broadly supported despite two officials who dissented in favor of a cut, according to minutes of the policy meeting released on Wednesday.
The minutes said "almost all" officials supported the decision, implying that apart from the two dissenting officials, it was backed by the remaining 16 officials who participated.
The decision followed a period of intense political pressure on Fed Chair Jerome Powell by the White House to lower interest rates. Officials maintained their benchmark policy rate in a range between 4.25% and 4.5% as they weighed how importers, retailers and consumers will split the costs of higher duties on imports.
The written account of the meeting, released with a customary three-week lag, suggested officials were divided over when they could be confident that higher import costs wouldn't lead to a period of broader, rolling price increases. Some officials thought "a great deal could be learned in coming months" though others "noted that it would not be feasible or appropriate to wait for complete clarity on the tariffs' effects on inflation before adjusting the stance of monetary policy."
While officials worried over the prospect of weaker employment at the meeting, a majority of them thought the risk of higher inflation was "the greater of these two risks."
Since that meeting, economic data have strengthened the argument of so-called doves who favor rate cuts because job growth in May and June was revised lower. Competing interpretations of economic data have splintered rate-setters in the ensuing weeks.
Governors Christopher Waller and Michelle Bowman, who in July dissented in favor of a cut, have argued that officials shouldn't react to price increases from tariffs, since those aren't likely to be repeated.
A handful of officials have lined up with Waller and Bowman, indicating they could favor cutting rates at the Fed's next meeting, Sept. 16-17. They have suggested that a slower-than-expected pass-through of tariff increases to consumer prices should quiet worries about higher import costs creating a new inflation shock.
But inflation-focused hawks have pointed to firmer price pressures since July's meeting, including for services. Kansas City Fed President Jeff Schmid said in a speech last week that tariff effects on inflation had been limited in part because the Fed had held steady.
Unlike Bowman, who has taken to calculating what inflation would be excluding tariffs, Schmid promised to never attempt such an exercise, calling it "neither a meaningful nor a measurable concept."
Before the release of the minutes, President Trump called for the resignation of Fed governor Lisa Cook, after a Trump administration official accused her of mortgage fraud. She was appointed by former President Joe Biden.
"I have no intention of being bullied to step down from my position," Cook said in a statement. "I do intend to take any questions about my financial history seriously as a member of the Federal Reserve and so I am gathering the accurate information to answer any legitimate questions."

Copper Morning Technical (4-hour)

Support		Resistance		Current Price	Bull	Bear
S1	9,709	R1	9,728	9,714		RSI below 50
S2	9,671	R2	9,769			
S3	9,634	R3	9,831			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- The RSI below 50 (46)
- Stochastic is below 50
- Price is above the daily pivot point USD 9,709
- Bearish with a neutral bias yesterday, the MA on the RSI continued to imply that momentum remained weak. The futures were trading just over two standard deviations below the linear regression line; however, the break in polarity support on high volume warned that the technical condition was weakening. For this reason, we are now monitoring a second regression channel, this one was running from high to low. Key support to follow is at USD 9,671, if broken the technical would be back in bearish territory. Conversely, if support held, then the polarity resistance around the USD 9,718 area would become vulnerable.
- The futures breached the USD 9,671 level but held the two standard deviation support, resulting in a small move higher. We are below the EMA resistance band with the RSI below 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 9,719 with the RSI at or below 43.5 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 9,831 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- The breach in the USD 9,671 level yesterday means that the technical is back in bearish territory. The rising linear regression channel started on the 31/07, its two standard deviation support held yesterday (lower circle highlighted). The falling linear regression channel started on the 12/08, its two standard deviation resistance held yesterday (upper circle highlighted). Although bearish, the technical lacks clarity; this is highlighted by the sideways price action on the weekly chart. In theory, support levels are now vulnerable, for upside continuation the futures will probably need to close and hold above the weekly pivot level (UDS 9,782), whilst below this level we have a note of caution on higher moves. We have a more neutral view at this point.

Aluminium Morning Technical (4-hour)

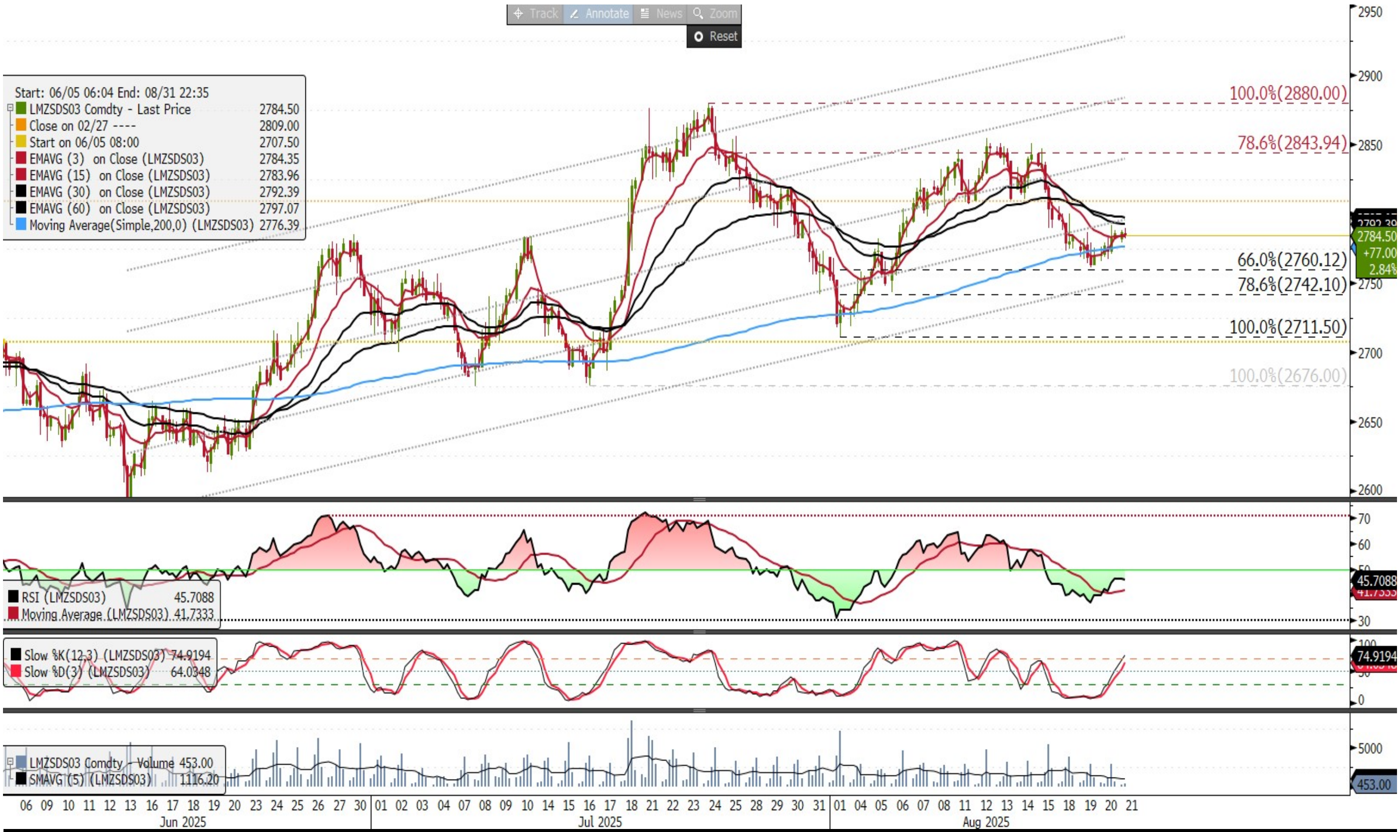
Support		Resistance		Current Price	Bull	Bear
S1	2,573	R1	2,589	2,582		RSI below 50
S2	2,542	R2	2,599			
S3	2,520	R3	2,612			

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 2,573
- Technically bearish yesterday, the MA on the RSI implied that momentum was weak, the downside moves below the USD 2,576 level meant that the technical was bearish, in line with our Elliott wave analysis. The double top formation with price below the 200-period MA was supported by the RSI making new lows alongside price, suggesting intraday upside moves should in theory be countertrend. We noted that upside moves from here on low volume, would support a bear argument.
- The futures have seen a small move higher with price remaining below the EMA resistance band. The RSI is below 50 but price and momentum are aligned to the sell side.
- A close on the 4-hour candle below USD 2,573 with the RSI at or above 38 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 2,612 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, the upside move yesterday was on above higher than average volume. However, with price entering back into bearish territory previously, whilst momentum indicators were making new lows alongside price, we maintain our view that upside moves should be considered as countertrend at this point. If we do trade above the USD 2,612 resistance, then the probability of the futures trading to a new low will start to decrease.

Zinc Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	2,781	R1	2,813	2,784.5		RSI below 50
S2	2,760	R2	2,843			
S3	2,742	R3	2,880			

Source Bloomberg

Synopsis - Intraday

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (45)
- Stochastic is above
- Price is above the daily pivot point USD 2,781
- Unchanged on the technical yesterday, the futures were trading on the intraday 200-period MA (USD 2,773) whilst holding just above the USD 2,760 support, meaning we remained at an inflection point. We maintained our view that the structure of this upside move that started in April was looking more like a 3-3 wave pattern, suggesting it was not bullish impulse, implying caution on intraday upside moves.
- The futures have seen a small move higher with price above the intraday 200-period MA (USD 2,776). However, we remain below the EMA resistance band with the RSI below 50, intraday price and momentum are aligned to the buy side.
- A close on the 4-hour candle below USD 2,781 with the RSI at or below 39.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 2,760 will support a bull argument, below this level the technical will be back in bearish territory.
- Bearish with a neutral bias, the futures have seen a small move higher with price approaching the EMA resistance band. We are holding above the USD 2,760 level with price above the 200-period average, the MA on the RSI implies that we are seeing light momentum support. However, the recent move lower has seen price and the RSI make new lows, suggesting upside moves have the potential to be countertrend, whilst the longer term structure on the technical does not look bullish impulse. For this reason, we maintain a cautious view on intraday upside moves at this point.

Nickel Morning Technical (4-hour)

Support		Resistance		Current Price	Bull	Bear
S1	14,992	R1	15,195	15,044		RSI below 50
S2	14,970	R2	15,340			
S3	14,892	R3	15,451			

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 above the daily pivot point USD 14,992
- Technically bearish yesterday, the move below USD 15,005 meant that there was a positive divergence in play with the RSI. Not a buy signal, it warned that we could see a momentum slowdown, which needed to be monitored. The downside move had breached the USD 14,970 level, indicating the technical was bearish, whilst a close that held below USD 15,938 would mean the bearish head and shoulders pattern was in play. The H&S pattern and breach in the USD 14,970 support suggested we go lower; however, this was countered by our Elliott wave analysis that suggested previously that the bearish cycle looked to have completed, whilst there was also a divergence in play. For this reason, we continued to have a neutral view.
- The futures closed but failed to hold below the neckline breakout of the bearish H&S pattern. We have seen light bid support but remain below the EMA resistance band with the RSI below 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle above USD 14,970 with the RSI at or above 47.5 will mean price and momentum are aligned to the buyside; likewise, a close below this level will mean it is aligned to the sell side. Upside moves that fail at or below USD 15,340 will leave the technical vulnerbale to further tests to the downside, above this level it will have a neutral bias.
- Unchanged on the technical this morning, we remain in bearish territory; however, at this point we are failing to hold below the H&S neckline, having seen light bid support on the positive divergence with the RSI. Our wave analysis indicates the bearish wave cycle may have completed, but the move below USD 14,970 has been deeper then expected, meaning we maintain a neutral view.

Lead Morning Technical (4-hour)

Support		Resistance		Current Price	Bull	Bear
S1	1,958	R1	1,976	1,971		RSI below 50
S2	1,936	R2	2,012			
S3	1,907	R3	2,023			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (43)
- Stochastic is oversold
- Price is below the daily point USD 1,976
- Technically bearish lower, the move lower means that the futures were in divergence, not a buy signal, it warned that we could see a momentum slowdown, which needed to be monitored. The USD 1,956 fractal low was vulnerable due to the rejection of the EMA resistance band; however, we had one divergence in play, whilst below USD 1,956 would create a second divergence, meaning we remained cautious on downside breakouts as they could struggle to hold.
- The futures found light bid support yesterday; however, price is in the process of rejecting the EMA resistance band. The RSI is below 50 but price and momentum are still aligned to the buyside, as the previous candle closed above the daily pivot level.
- A close on the 4-hour candle below USD 1,976 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 2,012 will warn there could be a larger, bearish, Elliott wave cycle in play.
- Technically bearish, the futures are in the process of rejecting the EMA resistance band, warning that the USD 1,965—USD 1,956 fractal support levels remain vulnerable. However, we continue to be cautious on downside breakouts as price is in divergence, suggesting they could struggle to hold.

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