



# Base Morning Technical Report

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Cu/Al

(Bloomberg) -- Aluminum and copper were steady as China's industrial companies saw their profits fall at a slower pace in July, which could support the outlook for metals.

China's industrial profits declined 1.5% last month from a year earlier, falling the least since they began shrinking in May, according to data released on Wednesday. Profits climbed much faster in the manufacturing sector while producers of raw materials, steelmakers, and oil refiners moved from red to green.

The data signals that Beijing's efforts to curb overcapacity are starting to ease the strain from aggressive competition among producers, which in turn could aid consumption for industrial metals. Copper has traded in a relatively narrow range so far this month, but a weaker dollar since the start of August has provided some support by making commodities priced in the currency cheaper.

Copper was up 0.1% to \$9,842 a ton on the London Metal Exchange as of 11:47 a.m. in Singapore, while aluminum climbed 0.1%. Iron ore rose 0.6% to \$102.9 a ton, while yuan-priced futures on the Dalian in Shanghai declined.

# Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	9,825	R1	9,851	RSI above 50	Stochastic overbought
S2	9,760	R2	9,880		
S3	9,671	R3	9,965		

## Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- The RSI above 50 (57)
- Stochastic is overbought
- Price is above the daily pivot point USD 9,825
- Technically bullish yesterday, the MA on the RSI implied that momentum was supported; the upside move above USD 9,831 suggested that the probability of the futures trading to a new low had started to decrease, whilst the candle break above the 200-period MA (USD 9,768) was on high volume, indicating bull support. The RSI was at resistance, meaning we were vulnerable to an intraday pullback in the near-term; however, the MA support on the RSI, and the high volume candle above the 200-period MA, were supported by the move above the USD 9,831 level, meaning we are cautious on corrective moves lower at that point.
- The futures sold to a low of UDFD 9,776.5 before moving higher, 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 9,825 with the RSI at or below 53 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 9,671 will support a bull argument, below this level the technical will be back in bearish territory.
- Technically bullish, the MA on the RSI implies momentum is supported. The breach in the resistance does suggest that downside moves should be considered as countertrend; however, the futures are holding resistance on price and the RSI, the RSI is now divergent. There is evidence of support in the market: as highlighted yesterday, but the divergence and resistance do suggest that we are becoming vulnerable to an intraday pullback, warning the 200-period MA (USD 9,767) could come under pressure in the near-term. For upside continuation the futures will need to close and hold above the USD 9,865.5 level with the divergence failing.

# Aluminium Morning Technical (4-hour)



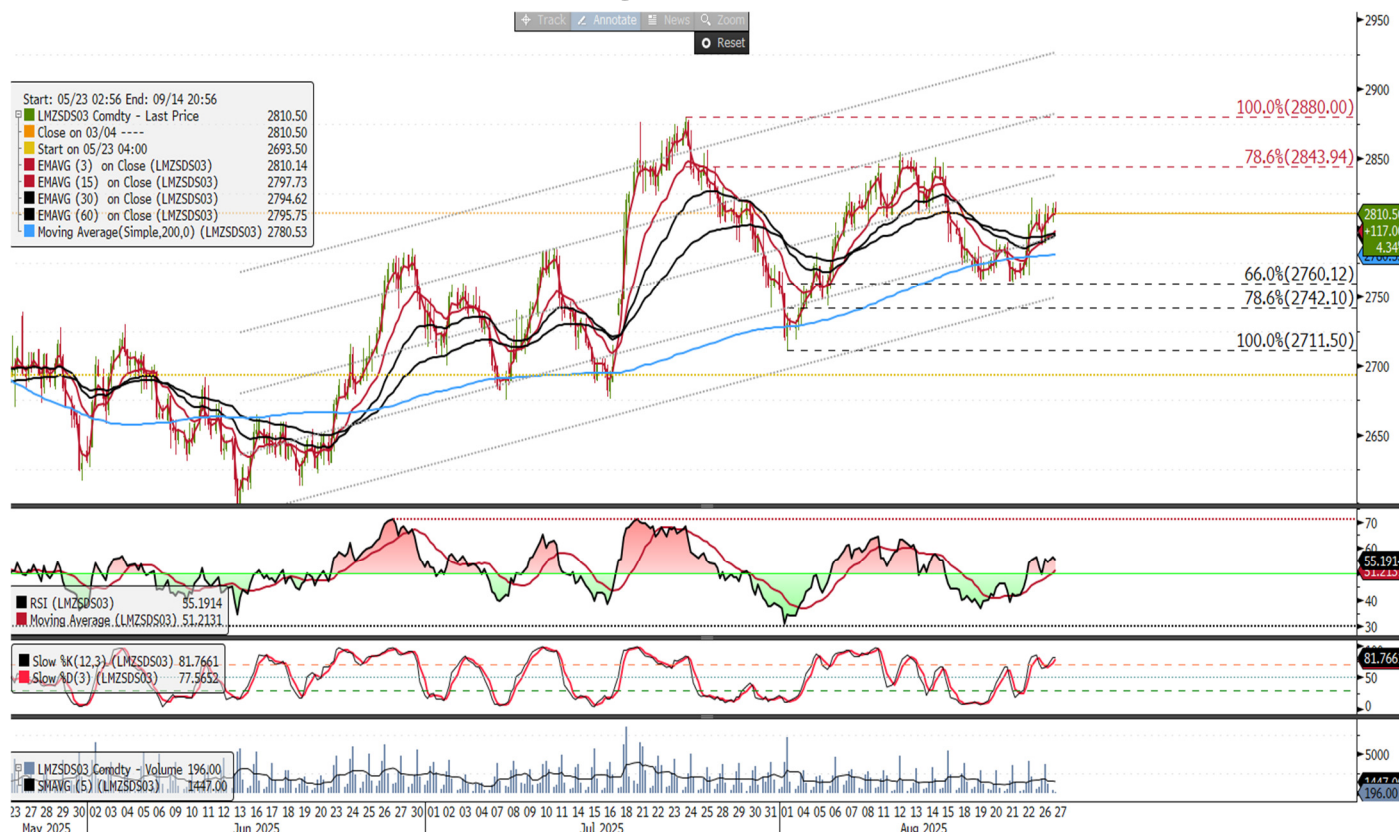
Support	Resistance	Current Price	Bull	Bear
S1	R1	2,640	RSI above 50	Stochastic overbought
S2	R2			
S3	R3			

Source Bloomberg

## Synopsis - Intraday

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (63)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,626
- Bearish with a neutral bias yesterday, we noted that we had been expecting one more wave lower previously; however, the daily 200-period MA had taken precedent, resulting in a high volume candle above the intraday 200-period MA (USD 2,602). The move above USD 2,612 meant that the probability of the futures trading to a new low had started to decrease, whilst the high volume candle above the 200-period MA implied price action support. The MA on the RSI also indicated that we had momentum support, with the RSI also breaking resistance, suggesting intraday moves lower had the potential to be countertrend at that point. The wave cycle had suggested another move lower, price and momentum indicators now suggest otherwise, meaning we have a note of caution on downside moves.
- The futures saw a small intraday pullback which tested but held the intraday 200-period MA (USD 2,603), resulting in price trading to a new high, the technical is now bullish. We are above all key moving averages supported by the RSI above 50, intraday price and momentum are aligned to the buy side.
- A close on the 4-hour candle below USD 2,626 with the RSI at or below 55 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 2,587 will support a near-term bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the MA on the RSI implies that momentum is supported. The futures are now approaching a resistance zone that formed in late July, whilst the RSI is approaching a resistance level from the same period. We also highlight the 100% Fibonacci projection level (A-B = C-D) is at USD 2,656, whilst the linear regression line is at USD 2,654. There is now resistance above us, whilst the RSI on the 1-hour timeframe is divergent, warning buy side momentum could slow, meaning we are cautious on upside moves at these levels. USD 2,587 is the key level to follow; corrective moves that hold above this level will imply there is an underlying support in the market. If broken, the USD 2,558 support become vulnerable. A cautious bull, the technical is warning we are vulnerable to a move lower.

# Zinc Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,810.5	RSI above 50	Stochastic overbought
S2	R2			
S3	R3			

Source Bloomberg

## Synopsis - Intraday

- Price is above the EMA resistance band (Black EMA's)
- RSI is above 50 (55)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,806
- We remain bearish with a neutral bias yesterday; however, we were seeing conflicting signals. The downside move had held the USD 2,760 level, supporting a near-term buyer's argument, whilst the MA on the RSI implied momentum was supported. Countering this, the futures had found resistance at the daily 200-period MA (USD 2,818), resulting in the futures seeing an intraday pullback to the daily pivot level. We noted previously that the longer-term structure on the technical did not look bullish; if we closed and held above the USD 2,818 level, it would warn that the USD 2,880 fractal resistance could come under pressure, and potentially the weekly 200-period MA at USD 2,948. Conversely, if we closed and held below the intraday 200-period MA (USD 2,780), it would indicate that sell side pressure was increasing, leaving support levels vulnerable. The holding of the USD 2,760 level was a warning, but until we closed and hold above the daily 200-period MA, we would continue to have a note of caution on upside moves.
- The futures sold to a low of USD 2,787.5 before trading back up to yesterday mornings levels. We are above the EMA resistance band with the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 2,806 with the RSI at or below 49 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.
- Unchanged on the technical this morning. We remain bearish with a neutral bias, the MA on the RSI implies momentum is supported whilst price had held above key support previously. However, the longer-term structure on the upside move does not look like it is bullish impulse, whilst price is below the daily 200-period MA (USD 2,818). A close above that holds above this level on the daily timeframe will imply there is an underlying support in the market; however, whilst below the average, we have a note of caution on upside moves. Conversely, a close below the intraday 200-period MA (USD 2,780.5) will indicate sell side pressure is increasing.



# Nickel Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	15,213	R1	15,340	15,260		Stochastic overbought
S2	15,185	R2	15,451			
S3	15,058	R3	15,640			

## Synopsis - Intraday

Source Bloomberg

- Price is above the EMA resistance band (Black EMA's)
- RSI is above 50 (57)
- Stochastic is overbought
- Price is above the daily pivot point USD 15,213
- Technically bearish yesterday, the MA on the RSI implied that we had momentum support. The futures were moving higher on a second positive divergence, having failed to hold below the H&S neckline breakout. The RSI was neutral with price between the EMA resistance band, whilst the move below USD 14,970 had been deeper than expected, meaning the technical continued to have a neutral bias. However, the divergences, and failure to hold below the H&S neckline, alongside our wave analysis warning that the downside move had potentially completed. Although neutral, we were cautious on lower moves at that point.
- The futures moved higher yesterday with price moving above the right shoulder of the H&S pattern and the USD 15,340 resistance, the technical is bullish based on price. 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 15,213 with the RSI at or below 48 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 14,970 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the MA on the RSI implies momentum is supported. The move higher is supported by the RSI making new highs, whilst the move above USD 15,340 suggests that the probability of the futures trading to a new low has started to decrease. With the H&S pattern failing, coupled with the RSI making new highs, we now have a note of caution on downside moves.

# Lead Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	1,986	R1	1,992			
S2	1,961	R2	2,007			
S3	1,939	R3	2,012			

## Synopsis - Intraday

Source Bloomberg

- Price is above the EMA resistance band (Black EMA's)
- RSI is above 50 (51)
- Stochastic is above 50
- Price is below the daily point USD 1,992
- Technically bearish yesterday, the MA on the RSI implied that momentum was supported. The futures were trading above the daily 200-period MA (USD 1,993), a close that held above this level would warn that resistance levels could come under pressure. If we closed and hold above the intraday 200-period MA (USD 2,008), and breach the USD 2,012 level, then the probability of the futures trading to a new low would start to decrease. Price was moving higher on a positive divergence, the RSI was at resistance whilst approaching the intraday 200-period MA, meaning we could be vulnerable to an intraday pullback in the near-term, making USD 1,993 the key level to follow. If we hold above this level, it will suggest there is an underlying support in the market.
- The upside move in the futures failed to hold, resulting in price closing back below the daily 200-period MA (USD 1,993). We are above the EMA resistance band with the RSI near-neutral at 51, intraday price and momentum are conflicting.
- A close on the 4-hour candle below USD 1,992 with the RSI at or below 50 will mean price and momentum are aligned to the sell side. Likewise, a close above this level with the RSI at or above 54.5 will mean it is aligned to the buy 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 intraday and daily 200-period MA's; however, the recent upside move had been on a positive divergence with the RSI. A close below the low of the last high volume dominant bull candle (USD 1,979.5) will indicate that sell side pressure is increasing, warning support levels could come back under pressure. There are some conflicts in the technical suggesting neutrality, the upside rejection means we are cautious on higher moves until the USD 2,012 resistance has been breached, with price needing to close and hold above the daily 200-period average.

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