FIS

# Base Morning Technical Report

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(Bloomberg) -- Copper cooled after briefly touching its highest since late-March in London, as traders weighed the outlook for supply and demand in top market China.

The wiring metal gained 3% in August, and has posted a decent start to September, surfacing above $10,000 a ton in intraday trading on Tuesday and Wednesday. Analysts say a weak dollar and the prospect of US interest rate cuts have lent support, but there's also a focus on the state of the Chinese market.

The more optimistic observers point to higher premiums for imports into China, relatively low inventories for this time of year, and the possibility of some domestic supply constraints. There's a significant amount of smelter maintenance planned for September, according to Jia Zheng, head of trading at Shanghai Soochow Jiuying Investment Management Co.

"With reduced supply and stable demand, inventory levels are expected to decrease, which will support upward price moves," Jia said by text message.

Copper on the LME is up about 14% for the year, and has made a solid recovery from a deep following President Donald Trump's launch of his global tariff offensive in early April. A massive flow to the US ahead of levies has subtracted from supplies elsewhere, but US futures remain at a premium over LME prices.

Demand in China had a strong first half, although forecasters including Goldman Sachs Group Inc. have predicted softer conditions for the rest of the year. The nation's official factory gauge for August showed a rapid contraction due to weak demand.

Copper rose as much as 0.6% to $10,038 a ton, before trading 0.1% lower to $9,967 by 11:22 a.m. Shanghai time. Aluminum and zinc were also flat-to-lower after earlier gains.

# *Copper Morning Technical (4-hour)*


| Support | | Resistance | | Current Price | Bull | Bear |
|---|---|---|---|---|---|---|
| S1 | 9,909 | R1 | 10,019 | 9,945 | RSI above 50 | Stochastic overbought |
| S2 | 9,897 | R2 | 10,666 | | | |
| S3 | 9,854 | R3 | 10,125 | | | |

**Synopsis - Intraday**

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- The RSI above 50 (59)
- Stochastic is overbought
- Price is on the daily pivot point USD 9,946
- Technically bullish yesterday, the future were holding above the USD 9,865 level, meaning we were potentially looking at a change in polarity. However, for upside continuation, the futures needed to trade above the USD 9,947 level with the divergence failing; if the divergence held, upside moves could struggle to hold, as USD 9,957 was two standard deviations above the linear regression line. We are seeing support, but need to see more from the technical to convince that there will be upside continuation, as the divergence and linear regression suggested caution. A close below the USD 9,865 support and the linear regression line (USD 9,857) would indicate sell side pressure was increasing, warning the Fibonacci support zone could come under pressure.
- The futures traded to a high of USD 10,038, resulting n the 4-hour divergence failing; however, price has entered a corrective phase in the Asian day session. We are above all moving averages supported by the RSI above 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle above USD 9,902 with the RSI at or above 64 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. Downside moves that hold at or above USD 9,795 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, although the 4-hour divergence failed yesterday the futures have entered a corrective phase due to a divergence on the 1-hour timeframe. Lower timeframe Elliott wave analysis also continues to suggest caution on upside moves at these levels. A close below the low of the last dominant bull candle (USD 9,950) will indicate that sell side pressure is increasing. Corrective moves that hold above USD 9,909 will indicate intraday support, meaning we could see on final test to the upside within this phase of the cycle. Note: between USD 10,158—USD 10,164.5 there is a double top formation on the daily timeframe, making this a key resistance to be aware of, as a close that holds above this area will have bullish implications. We are a cautious bull, whilst the lower timeframe divergence is in play, as momentum suggests upside moves could struggle to hold

# Aluminium Morning Technical (4-hour)


| Support | | Resistance | | Current Price | Bull | Bear |
|---|---|---|---|---|---|---|
| S1 | 2,603 | R1 | 2,614 | 2,609.5 | | RSI below 50 |
| S2 | 2,602 | R2 | 2,646 | | | |
| S3 | 2,587 | R3 | 2,656 | | | |

Source Bloomberg

**Synopsis - Intraday**

- Price is between the EMA support band (Black EMA's)
- RSI is below 50 (49)
- Stochastic is above 50
- Price is below the daily pivot point USD 2,614
- Technically bullish yesterday, the futures continued to hold above the 200-period MA and the low of the last high volume dominant bull candle (USD 2,601). A close on the 4-hour candle below USD 2,601 would imply that sell side pressure was increasing, warning the USD 2,587 support could be tested; below this level the probability of the futures trading to a new high would start to decrease. Whilst above the USD 2,601 level, resistance levels remain vulnerable; however, we continued to be cautious on upside moves due to the resistance zone (highlighted) alongside the linear regression line and Fibonacci resistance at USD 2,656.
- The futures continue to consolidate having produced a small intraday move lower. We are between the EMA support band with the RSI near-neutral at 49, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 2,614 with the RSI at or above 54.5 will mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 2,587 will support a bull argument, below this level the technical will have a neutral bias.
- Unchanged on the technical today, the futures continue to hold above the 200-period MA and the low of the last high volume dominant bull candle (USD 2,601—USD 2,603). A close on the 4-hour candle below USD 2,601 would imply that sell side pressure is increasing, warning the USD 2,587 support could be tested; below this level the probability of the futures trading to a new high will start to decrease. Whilst above the USD 2,601 level, resistance levels remain vulnerable; however, we continued to be cautious on upside moves due to the resistance zone (highlighted) alongside the linear regression line and Fibonacci resistance at USD 2,656. We also highlight that the market picture (Profile) is highlighting USD 2,610—USD 2,615 as the most heavily traded area in the last 24 months. This is also considered as area of resistance that needs to be monitored.

# *Zinc Morning Technical (4-hour)*

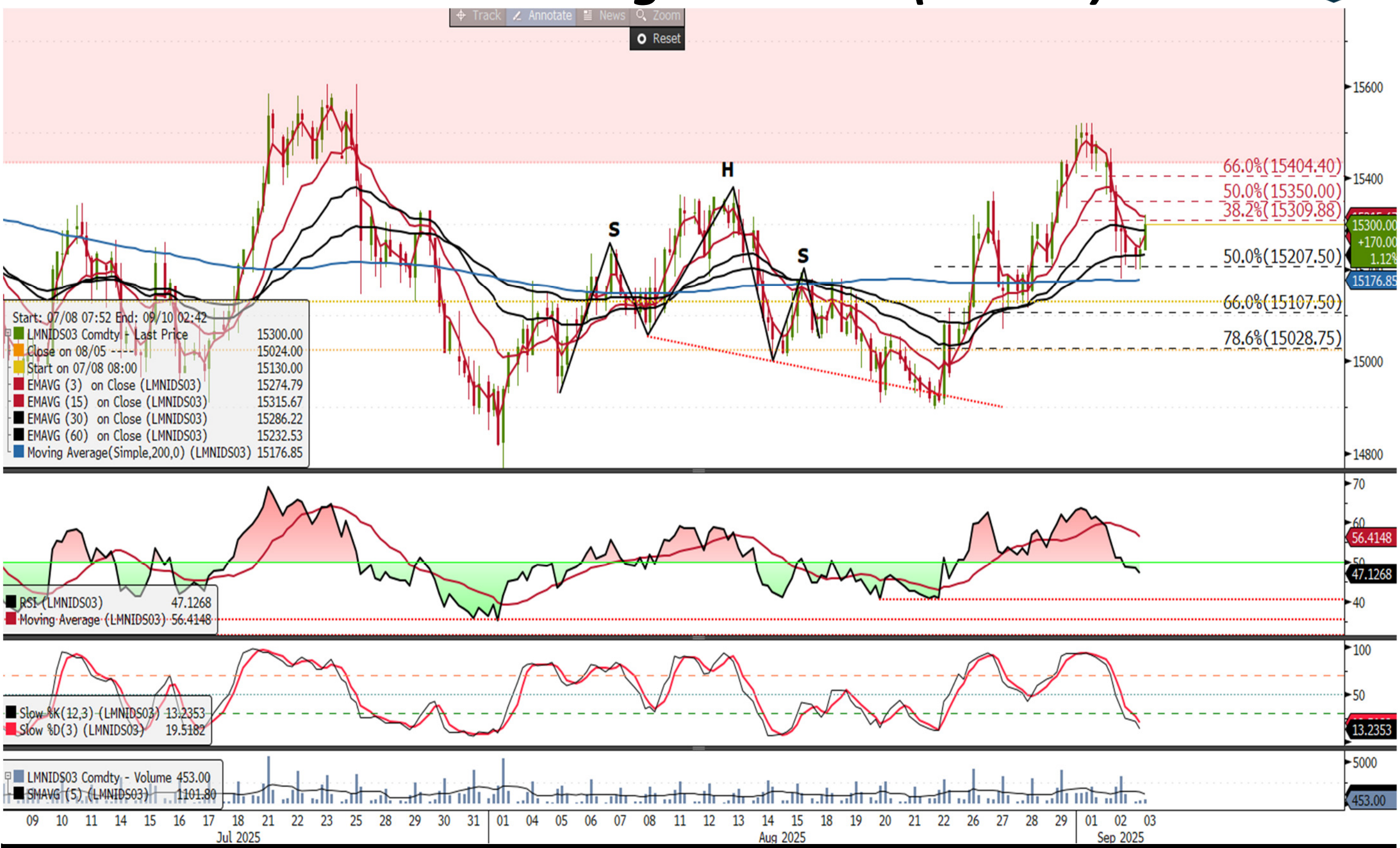
| Support | | Resistance | | Current Price | Bull | Bear |
|---|---|---|---|---|---|---|
| S1 | 2,855 | R1 | 2,871 | 2,868.5 | RSI above 50 | Stochastic overbought |
| S2 | 2,826 | R2 | 2,8885 | | | |
| S3 | 2,812 | R3 | 2,903 | | | |

Source Bloomberg

**Synopsis - Intraday**

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (65)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,855
- Technically bullish yesterday, the MA on the RSI implied that momentum was supported. The futures were trading above the linear regression line (USD 2,838), implying buyside pressure was increasing; however, a lower timeframe Elliott wave cycle (sub 30 min) was in divergence, warning we could see a momentum slowdown. We noted that if we held above the linear regression line (or saw a strong move higher), then the lower timeframe cycle was likely to extend, as the oscillator cross was marginal. If we closed below the USD 2,838 it would leave Fibonacci support vulnerable, making USD 2,787 the key level to follow; if we held, it would indicate a larger bull cycle was coming into play. Conversely, below this level the probability of price trading to a new high would start to decrease. The technical was in balance, based on the lower timeframe wave cycle, we are currently vulnerable to an intraday pullback.
- The futures closed above the linear regression line (USD 2,842) and saw a strong move higher, meaning we have seen an Elliott wave extension. 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 2,855 with the RSI at or below 59.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 2,793 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 lower timeframe Elliott wave extension means intraday downside moves should be considered as countertrend, making USD 2,793 the key support to follow, below this level the probability of the futures trading to a new low will start to decrease. Note: the 1-RSI is now divergent, warning the futures are starting to look vulnerable to an intraday pullback.

# *Nickel Morning Technical (4-hour)*




| Support | | Resistance | | Current Price | Bull | Bear |
|---|---|---|---|---|---|---|
| S1 | 15,207 | R1 | 15,292 | 15,300 | Stochastic oversold | RSI below 50 |
| S2 | 15,107 | R2 | 15,309 | | | |
| S3 | 15,028 | R3 | 15,404 | | | |

**Synopsis - Intraday**

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is below 50 (47)
- Stochastic is oversold
- Price is below the daily pivot point USD 15,292
- Technically bullish yesterday, the MA on the RSI implied that momentum remained support; however, the RSI was crossing its average, warning price and momentum could be transitioning to the sell side. The lower timeframe Elliott wave cycle looked to have completed, leaving the futures vulnerable to an intraday move lower. As noted previously, there looked to be a larger bullish wave cycle in play, making USD 15,107 the key support to follow, suggesting down-side moves should be considered as countertrend. If broken, then the probability of the futures trading to a new high would start to decrease. We remained cautious on upside moves at these levels.
- The futures sold to a low of USD 15,180 before finding bid support, we are above the EMA support band with the RSI above 50, intraday price and momentum are aligned to the sell side, as the previous candle closed below the daily pivot level.
- A close on the 4-hour candle above USD 15,292 with the RSI at or above 58.5 will mean price and momentum are aligned to the buyside. . Downside moves that hold at or above USD 15,107 will support a bull argument, below this level the technical will have a neutral bias.
- Bullish but in a corrective phase, the MA on the RSI implies that momentum is weak. As noted previously, there looks to be a larger, bullish Elliot wave cycle in play, making USD 15,107 the key support to follow. If broken, then the probabil-ity of the futures trading to a new high will start to decrease. Conversely, upside moves that fail at or below USD 15,404 will warn that there is further downside within this corrective phase. We are seeing bid support this morning; however, whilst below USD 15,404 we have a note of caution on upside moves.

# *Lead Morning Technical (4-hour)*


| Support | | Resistance | | Current Price | Bull | Bear |
|---|---|---|---|---|---|---|
| S1 | 1,995 | R1 | 2,012 | 2,000.5 | RSI above 50 | Stochastic overbought |
| S2 | 1,992 | R2 | 2,023 | | | |
| S3 | 1,958 | R3 | 2,041 | | | |

**Synopsis - Intraday**

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (51)
- Stochastic is overbought
- Price is above the daily point USD 1,995
- Technically bearish yesterday, the MA on the RSI implied that momentum was supported, above USD 2,012 the probability of price trading to a new low would start to decrease. Price was above the daily pivot level (USD 1,998) but below the intraday 200-period MA (USD 2,000), meaning we were at an inflection point. We had a neutral bias, a close below the low of the last dominant bull candle (USD 1,994) would indicate sell side pressure was increasing.
- The futures closed below the USD 1,994 level with price trading to a low of USD 1,984.5; however, the downisde moves has failed to hold with price moving higher this morning. We are above the EMA supported band with the RSI near-neutral at 51, intraday price and momentum are aligned to the sell side, as the previous candle closed below the daily pivot level.
- A close on the 4-hour candle above USD 1,998 with the RSI at or above 56.5 will mean price and momentum are aligned to the buyside. 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 trading above the intraday 200-period MA (USD 1,998); however, the candle remains open. A close that holds above the average will warn that the USD 2,012 resistance could be tested, if broken, then the probability of the futures trading to a new low will start to decrease. With price not yet closing above the 200-period MA, we remain at an inflection point. There are signs of bid support, but our view remains neutral today. Note, if we do see an upside breakout and trade above USD 2,019, this will be above the previous months high, warning upside resistance levels could be tested.