Base Morning Technical Report

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Bloomberg) -- Copper fell for a second day on the London Metal Exchange, as base metals staged a broad retreat ahead of key jobs data from the US later this week.
The red metal dropped 0.5% to trade at $9,926 a ton as of 11:45 a.m. Singapore time, after hitting its highest since March in intraday trading on Wednesday. The next major event for markets is on Friday, with a US payrolls report that should steer the Federal Reserve's next moves on interest rates.
Metals have gained in the past month on growing expectations for the Fed to cut rates in September, as well as a weaker dollar. Sentiment has also improved in China recently, although a Reuters report that carmaker BYD Co. has slashed its sales target for this year underscored continued headwinds for the economy.
Other metals also fell on the LME. Nickel fell 0.9% while aluminum dropped 0.6% and zinc was down 0.3%

Copper Morning Technical (4-hour)

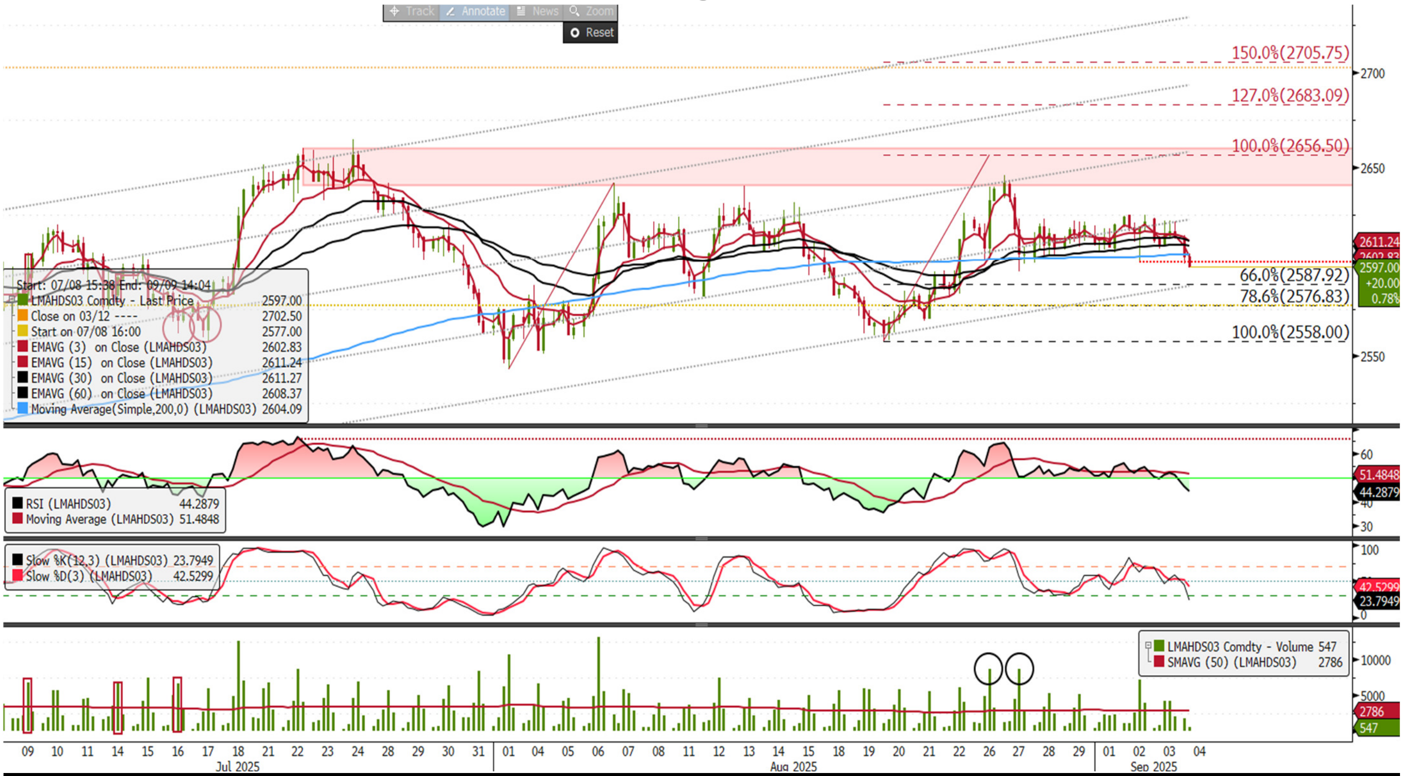
Support		Resistance		Current Price	Bull	Bear
S1	9,909	R1	10,019	9,905	RSI above 50	
S2	9,897	R2	10,666			
S3	9,854	R3	10,125			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- The RSI above 50 (53)
- Stochastic is above 50
- Price is on the daily pivot point USD 9,981
- Technically bullish yesterday, although the 4-hour divergence had failed previously, the futures had entered a corrective phase due to a divergence on the 1-hour timeframe. Lower timeframe Elliott wave analysis also continued to suggest caution on upside moves. A close below the low of the last dominant bull candle (USD 9,950) would indicate that sell side pressure was increasing. Corrective moves that held above USD 9,909 would indicate intraday support, meaning we could see one final test to the upside within this phase of the cycle. We noted that between USD 10,158—USD 10,164.5 there was a double top formation on the daily timeframe, making this a key resistance to be aware of, as a close that held above this area would have bullish implications. We were a cautious bull whilst the lower timeframe divergence is in play, as momentum suggested upside moves could struggle to hold
- The futures have traded below the USD 9,909 level with price now testing the top of the EMA support band. The RSI is above 50 whilst price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 9,981 with the RSI at or above 62 will mean price and momentum are aligned to the buyside. 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 but in a corrective phase, the MA on the RSI implies that momentum is weak. Near-term price action is weakening, warning the Fibonacci support zone could come under pressure, making USD 9,795 the key support to follow. If broken, then the probability of the futures trading to a new high will start to decrease. Conversely, if support holds, we will continue to be vulnerable to intraday moves higher. The longer-term wave cycle is unclear at this point due to the nature of the sell off in March 25. We could still see one more wave higher; however, unless it is very strong that creates a wave extension and a daily close that holds above the double top formation (USD 10.158—USD 10,164.5), the futures will be due a higher timeframe correction.

Aluminium Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	2,587	R1	2,616	2,597		RSI below 50
S2	2,576	R2	2,646			
S3	2,558	R3	2,656			

Source Bloomberg

Synopsis - Intraday

- Price is between the EMA support band (Black EMA's)
- RSI is below 50 (44)
- Stochastic is below 50
- Price is below the daily pivot point USD 2,616
- Unchanged on the technical 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—USD 2,603). 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 remained 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 highlighted that the market picture (Profile) was showing 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 needed to be monitored.
- The futures have seen a small move lower with price below the USD 2,601 level and the low of the intraday bull support candle. We are below all key moving averages with the RSI below 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 2,616 with the RSI at or above 53.5 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.
- Technically bearish, the MA on the RSI has acted as a resistance warning momentum is weakening. The futures still need to see a 4-hour close below the USD 2,601 level, if we do it will indicate that sell side pressure is increasing. USD 2,587 is the key support to follow, if broken, then the probability of price trading to a new high will start to decrease. However, this will also be two standard deviations below the linear regression line, so has the potential to act as a temporary support. If the USD 2,587 support is breached, then upside moves should be considered as countertrend, whilst the linear regression will then be run from the USD 2,646 high (rather than from the USD 2,300 low from April)

Zinc Morning Technical (4-hour)

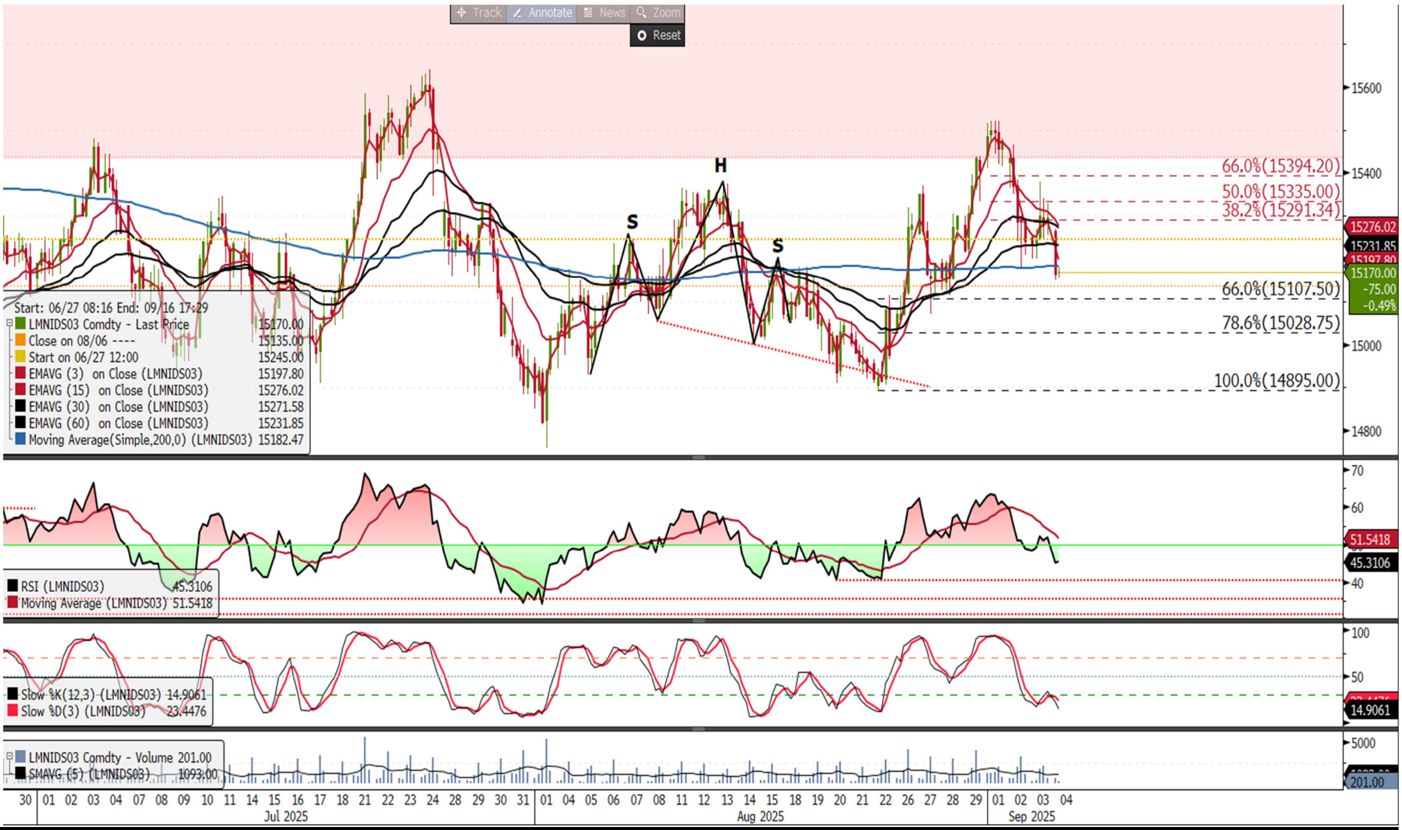
Support		Resistance		Current Price	Bull	Bear
S1	2,843	R1	2,871	2,845	RSI above 50	
S2	2,826	R2	2,885			
S3	2,802	R3	2,903			

Source Bloomberg

Synopsis - Intraday

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (54)
- Stochastic is above 50
- Price is below the daily pivot point USD 2,871
- Technically bullish yesterday, the MA on the RSI implied that momentum was supported. The lower timeframe Elliott wave extension meant that 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 would start to decrease. We noted that the 1– hour RSI was divergent, warning the futures are starting to look vulnerable to an intraday pullback.
- The futures have sold lower on the intraday divergence; however, we remain above the EMA support band with the RSI above 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 2,871 with the RSI at or above 64 will mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 2,802 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish but in a corrective phase, the futures are coming under pressure due to the lower timeframe divergence. This has created two high volume candles that have been followed by the move lower (highlighted), indicating resistance at higher levels. Intraday Elliott wave analysis does suggest that downside moves should in theory be countertrend; however, if we do trade below the USD 2,802 support, then the probability of the futures trading to a new high will start to decrease.

Nickel Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	15,107	R1	15,294	15,170	Stochastic oversold	RSI below 50
S2	15,028	R2	15,335			
S3	14,895	R3	15,394			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (45)
- Stochastic is oversold
- Price is below the daily pivot point USD 15,294
- Bullish but in a corrective phase yesterday, the MA on the RSI implied that momentum was weak. As noted previously, there looked to be a larger, bullish Elliot wave cycle in play, making USD 15,107 the key support to follow. If broken, then the probability of the futures trading to a new high would start to decrease. Conversely, upside moves that failed at or below USD 15,404 would warn that there was further downside within the corrective phase. We were seeing bid support yesterday; however, whilst below USD 15,404 we had a note of caution on upside moves.
- The futures traded to a high of USD 15,380 before rejecting the USD 15,404 level, resulting in price trading below the 15,180 fractal support. We are 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 15,294 with the RSI at or above 54 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.
- Technically bullish, the MA on the RSI implies that momentum is weak. The futures are trading just below the intraday 200-period MA (USD 15,182), meaning we are at an inflection point. Our Elliott wave analysis suggests downside moves should be considered as countertrend, making USD 15,107 the key support to follow. Below this level the probability of the futures trading to a new high will start to decrease. We are cautious on downisde moves at these levels; however, price will need to close and hold above the intraday 200-period MA to signal we are seeing an underlying support in the market.

Lead Morning Technical (4-hour)

Support		Resistance		Current Price	Bull	Bear
S1	1,982	R1	1,998	1,990.5		RSI below 50
S2	1,979	R2	2,012			
S3	1,965	R3	2,023			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (49)
- Stochastic is below 50
- Price is below the daily point USD 1,998
- Technically bearish yesterday, the futures were trading above the intraday 200-period MA (USD 1,998); however, the candle remained open. A close that held above the average would warn that the USD 2,012 resistance could be tested, if broken, then the probability of the futures trading to a new low would start to decrease. With price not yet closing above the 200-period MA, we remained at an inflection point. There were signs of bid support, but our view remained neutral. We noted that if we did see an upside breakout and trade above USD 2,019, this would be above the previous months high, warning upside resistance levels could be tested.
- The futures closed above but failed to hold above the intraday 200-period MA (USD 1,997), resulting in price selling lower. We are below the EMA support band with the RSI near-neutral at 49, price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 1,998 with the RSI at or above 55 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, we remain below the USD 2,012 resistance, warning there could be a larger bearish wave cycle in play, above this level the probability of the futures trading to a new low will start to decrease. A close below USD 1,982 fractal support will indicate that sell side pressure is increasing, warning the USD 1,965 low could be tested. As noted previously, upside moves above USD 2,019 will be above last months high, indicating an increase in buyside pressure, at this point, resistance levels will become vulnerable. The technical is currently neutral based on recent price action, whilst above the USD 1,982—USD 1,979 support levels but below the USD 2,012 resistance.