



Base Morning Technical Report

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Cu

(Bloomberg) -- Copper steadied as traders parsed weakening US employment data that may persuade the Federal Reserve to cut interest rates this year more than previously expected.

Futures on the London Metal Exchange ended last week little changed. American jobs data on Friday showed hiring was proceeding at a slower pace than forecast, causing some traders to bet on faster monetary loosening by the US central bank.

Lower US interest rates typically support investment demand for assets such as copper, which bear no yield. The metal has been supported by expectations for looser Fed policy, although it has still spent the past three months trading in a fairly tight range.

Later this week, investors will look to US inflation data, which is expected to show an acceleration in price increases. Similar gauges are also due from China, the world's top metal consumer.

Copper was up 0.1% at \$9,908.50 a ton on the LME as of 10:14 a.m. Singapore time. It reached a five-month high last week.

Aluminum rose 0.2%, while zinc added 0.4%.

Meanwhile, iron ore was mostly flat at \$104.70 a ton, while yuan-priced futures on the Dalian exchange edged lower. Shanghai steel futures contracts were also down.

Copper Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	9,895	Stochastic oversold	
S2	R2			
S3	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- The RSI at 50 (50)
- Stochastic is below 50
- Price is above the daily pivot point USD 9,921
- Unchanged on the technical on Friday, we remained bullish with price holding above the Fibonacci support zone, warning the USD 10,038 fractal high remained vulnerable. The MA on the RSI was flat, indicating sell side pressure had slowed, supporting the near-term bid support. However, USD 10,020 was two standard deviations above the linear regression line, whilst the RSI had the potential to be divergent above USD 10,038, meaning we were cautious on upside breakouts. For upside continuation, we needed to see a lower timeframe Elliott wave extension with price closing and holding above the USD 10.158—USD 10,164.5 resistance on the daily timeframe. We remained cautious on upside breakouts, as the technical suggested that they could struggle to hold; a move below USD 9,795 would warn that the pullback was considered as deep, meaning the probability of price trading to a new high would start to decrease.
- The futures traded to a high of USD 10,008 before selling lower into the close. We are between the EMA support band with the RSI neutral at 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 9,921 with the RSI at or above 56 will mean price and momentum are aligned to the buy 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.
- The futures remain bullish but in a corrective phase, whilst the MA on the RSI implies that momentum is weak. We have entered a congestion zone, as USD 9,872 is trend support, USD 9,856 is the polarity support, and USD 9,851 is the low of the last high volume dominant bull candle, meaning a close below this area will imply sell side pressure is increasing. Conversely, we have the daily pivot level at USD 9,921 and the linear regression line at USD 9,922; upside moves that close and hold above the linear regression line will leave the USD 9,977 resistance vulnerable. This is the key resistance to follow, if rejected, it will warn that there is further downside within this corrective phase; likewise, if broken, market bulls will look to test the USD 10,038 fractal high. As noted previously, whilst above the USD 9,795 support, we are still vulnerable to one final move higher within this phase of the cycle; however, whilst in this congestion zone, we have a more neutral view.

Aluminium Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	2,605	R1	2,625	2,609.5	RSI above 50	
S2	2,587	R2	2,646			
S3	2,576	R3	2,656			

Source Bloomberg

Synopsis - Intraday

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (51)
- Stochastic is below 50
- Price is above the daily pivot point USD 2,605
- Technically bearish on Friday, the MA on the RSI implied that momentum was weak. We noted that when we looked at the lower timeframe Elliott wave structures, we struggled to see bullish impulse patterns at that point, meaning we had a note of caution on upside moves. Downside moves below USD 2,587 would be considered as deep into the last bull wave, warning that the probability of the futures trading to a new high would start to decrease. We had a note of caution on upside moves above the USD 2,625 fractal resistance, as this would signal that buy-side pressure was increasing.
- The futures trade to high of USD 2,624.5 before moving lower on a bearish rejection candle. We are above the EMA support band with the RSI near-neutral at 51, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle below USD 2,605 with the RSI at or below 45 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 2,587 will support a bull argument, below this level the technical will warn that support levels could be tested.
- Technically bearish, the upside rejection on high volume is warning that we have sell side pressure at higher levels, but note that we did hold the USD 2,587 support previously. The futures are on the 200-period MA (USD 2,605), meaning we are at an inflection point. A close below the average with price and momentum becoming aligned to the sell side, will warn that the USD 2,587 support could be tested and broken; if it is, it will imply signal sell side pressure is increasing. As noted previously, due to the lack of bull structure, we are cautious on upside moves; however, a move above USD 2,625 will indicate that buy-side pressure is increasing. USD 2,624.5 is the high of the rejection candle, whilst USD 2,625 is the fractal resistance, market bears will want to defend this area.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,860	R1	2,900	RSI above 50	
S2	2,826	R2	2,903		
S3	2,802	R3	2,925		

Source Bloomberg

Synopsis - Intraday

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (60)
- Stochastic is above 50
- Price is above the daily pivot point USD 2,860
- We remained bullish but in a corrective phase on Friday with the futures holding above the USD 2,826 Fibonacci support. The MA on the RSI implied that momentum was weak; however, we were trading above the linear regression line (USD 2,850). A close that held above this level would warn that resistance levels could come under pressure. Near-term resistance to follow was at USD 2,875; upside moves that failed at or below this level would warn that there could be further downside within the corrective phase. Conversely, downside moves below USD 2,802 would warn that the probability of the futures trading to a new high would start to decrease. As noted previously, lower timeframe Elliott wave analysis did suggest that downside moves should in theory be countertrend.
- The futures continue to move higher with price now above the linear regression line (USD 2,854), 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 2,860 with the RSI at or below 54.5 will mean price and momentum are aligned to the sell side; likewise, a close below this level will mean it is aligned to the sell side. 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, the futures have traded above the USD 2,875 resistance, and the high of the intraday rejection candle USD 2,885. This indicates that buyside pressure is increasing, warning the USD 2,900 fractal high is now vulnerable. As noted previously, lower timeframe Elliott wave analysis suggests that downside moves should in theory be countertrend.

Nickel Morning Technical (4-hour)



	Support		Resistance		Current Price	Bull	Bear
S1	15,266	R1	15,394		15,370	RSI above 50	
S2	15,196	R2	15,440				
S3	15,107	R3	15,520				

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (56)
- Stochastic is above 50
- Price is above the daily pivot point USD 15,266
- Technically bullish, we were seeing signs that buy-side pressure was increasing, as price was above the intraday 200-period MA (15,191); however, the futures needed to hold above the average for upside continuation. Elliott wave analysis suggested that 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 would start to decrease. Upside moves that failed at or below USD 15,394 would warn that there could be further downside within the corrective phase. We had a 3-wave corrective pattern lower with price back above the longer-term average. Providing we held above it, then resistance levels would be vulnerable.
- The futures have held above the 200-period MA (USD 15,197) with price moving higher, we are above the EMA support band with the RSI above 50, intraday price and momentum are aligned to the buy-side.
- A close on the 4-hour candle below USD 15,266 with the RSI at or below 47.5 will mean price and momentum are aligned to the sell side. 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 supported. The upside move above USD 15,394 is warning that buy-side pressure is increasing, leaving the USD 15,520 resistance vulnerable. We remain cautious on downside moves, as our Elliott wave analysis suggests that corrective moves lower could struggle to hold, making USD 15,107 the key support to follow. If broken, then the probability of price trading to a new high would start to decrease.

Lead Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	1,990	R1	1,994	1,995	RSI above 50	
S2	1,979	R2	2,012			
S3	1,965	R3	2,023			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (52)
- Stochastic is below 50
- Price is above the daily point USD 1,990
- Unchanged on the technical on Friday, we remained bearish with price 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 would start to decrease. A close below USD 1,982 fractal support would indicate that sell side pressure is increasing, leaving the USD 1,965 low vulnerable. As noted previously, upside moves above USD 2,019 will be above the previous months high, indicating an increase in buy-side pressure, at this point, resistance levels would become vulnerable. The technical was neutral, as price was above the USD 1,982—USD 1,979 support, but below the USD 2,012 resistance.
- The futures traded to a low of USD 1,982 before finding bid support, we are above the EMA support band with the RSI above 50, price and momentum are aligned to the sell side, as the previous candle closed below the daily pivot level whilst the RSI was below its average.
- A close on the 4-hour candle above USD 1,990 with the RSI at or above 52.5 will mean price and momentum are 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.
- Unchanged on the technical again today; however, price is at an inflection point as we are trading on the intraday 200-period MA. We remain bearish with price 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, leaving the USD 1,965 low vulnerable. As noted previously, upside moves above USD 2,019 will be above last month's high, indicating an increase in buy-side pressure, at this point, resistance levels will become vulnerable. The technical is neutral, as price is above the USD 1,982—USD 1,979 support, but below the USD 2,012 resistance. (Rhetoric unchanged)

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