Base Morning Technical Report

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(Bloomberg) -- Aluminum producers in Quebec are sending more of the metal used to make cans and car parts to Europe as US tariffs make their shipments more expensive for American customers.
The US market accounted for 78% of aluminum exports from the Canadian province in the second quarter versus 95% in the first quarter. Europe's share rose to 18% from just 0.2%, according to S&P Global Market Intelligence.
The data are the latest indication of the disruptive impact of tariffs in North America's highly integrated market. US President Donald Trump first reinstated a 25% tariff on aluminum imports in March, then doubled the levy in June.
Sprawling processing plants owned by Rio Tinto Group, Alcoa Corp. and Aluminerie Alouette Inc. mean that Quebec represents about 90% of Canada's aluminum-making capacity, with the US as the province's natural buyer given the close proximity.

Rio Tinto declined to provide shipment data. Bloomberg reported last month that the firm has curbed exports to the US and instead started buying supplies from rivals and reselling it to American customers due to tariffs from the White House.
Alcoa announced in its second quarter earnings report that it has diverted about 100,000 metric tons of aluminum shipments from Canada to destinations other than the US, such as Europe, but did not comment further upon request.
Alouette, North America's largest aluminum smelter, which is 40% owned by Rio, shipped 57% of its production to Europe in the second quarter. In the first quarter, that number was just 4%.
"Shareholders are continuing their efforts to develop new alternatives to mitigate the effects of the current situation and maintain Aluminerie Alouette's long-term competitiveness," the company said.

For Canadian producers, Europe has offered a buffer against the loss-making US market over the summer, Jean Simard, head of the Aluminium Association of Canada, told reporters in Montreal Monday.
"It's an easy call. You ship anything you can to Europe," he said. "As the price builds up into the US, you can expect metal to come back to the US market."
Trump's tariffs have pushed US aluminum prices well above global levels. The so-called US Midwest premium – the amount added to global price benchmarks to deliver the metal to that region – jumped 82% since early June.
In Europe, the duty-paid, in-warehouse Rotterdam premium dropped from 14.3% of the London Metal Exchange at the start of the year to 9.1% last week, because of the increased supply, according to Platts.
"My interest is whether or not this is a paradigm shift in how the trade is going to flow, or just a short-term effect," said Jason Kaplan, S&P Global's nonferrous metals analyst. "The concern is actually that it's going to be Chinese material being diverted into Europe. But in fact, maybe it's Canadian material."

Copper Morning Technical (4-hour)

Support		Resistance		Current Price	Bull	Bear
S1	9,933	R1	9,977	9,944.5	RSI above 50	
S2	9,911	R2	10,038			
S3	9,891	R3	10,066			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- The RSI above 50 (54)
- Stochastic is below 50
- Price is above the daily pivot point USD 9,911
- The futures remain bullish but in a corrective phase yesterday, whilst the MA on the RSI implied that momentum was weak. We had entered a congestion zone, as we had trend support at USD 9,872 , whilst at USD 9,856 we had polarity support, and USD 9,851 was the low of the last high volume dominant bull candle, meaning a close below this area would imply sell side pressure was increasing. Conversely, we had the daily pivot level at USD 9,921 and the linear regression line at USD 9,922; upside moves that closed and held above the linear regression line would leave the USD 9,977 resistance vulnerable. We noted that this was the key resistance to follow, if rejected, it would warn that there could be further downside within the corrective phase; likewise, if broken, market bulls would look to test the USD 10,038 fractal high. As noted previously, whilst above the USD 9,795 support, we were still vulnerable to one final move higher within this phase of the cycle; however, whilst in this congestion zone, we had a more neutral view.
- The futures have seen a small move higher with price now above the linear regression line (USD 9,933). 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 9,911 with the RSI at or below 50.5 will mean price and momentum are 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, the futures have closed above the linear regression line, if we hold above it, then it will signal buyside pressure is increasing, leaving the USD 9,977 resistance vulnerable. This is the key near-term resistance, if rejected, it will warn that there could be further downside within the corrective phase. Conversely, above this level, market bulls will look to test the USD 10,038 fractal high. Failure to hold above the linear regression line will warn that trend support at USD 9,891 could be tested.

Aluminium Morning Technical (4-hour)

Support		Resistance		Current Price	Bull	Bear
S1	2,614	R1	2,625	2,617.5	RSI above 50	Stochastic overbought
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 (54)
- Stochastic is below 50
- Price is above the daily pivot point USD 2,614
- Technically bearish yesterday, the upside rejection on high volume warned that we have sell side pressure at higher levels; however, we noted that the downside move previously had held the USD 2,587 support. The futures were on the 200-period MA (USD 2,605), meaning we were at an inflection point. A close below the average with price and momentum becoming aligned to the sell side, would warn that the USD 2,587 support could be tested and broken; if it was, then it would imply signal sell side pressure was increasing. As noted previously, due to the lack of bull structure, we were cautious on upside moves; however, a move above USD 2,625 would indicate that buyside pressure was increasing. USD 2,624.5 was the high of the rejection candle, whilst USD 2,625 was the fractal resistance, market bears would want to defend this area.
- The futures trade to high of USD 2,625 before seeing a slight pullback, we remain supported. We are above the EMA support band with the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 2,614 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 2,587 will support a bull argument, below this level the technical will warn that support levels could be tested.
- Technically bearish, the futures have tested but remain below the USD 2,625 resistance; a close that holds above this level will imply buyside pressure is increasing, warning resistance levels could come under pressure. At this point, the technical continues to lack bull structure, meaning we remain cautious on upside moves. A close that holds below the 200-period MA (USD 2,605) will warn that the USD 2,587 support could come under pressure. If broken it will signal sell side pressure is increasing. A cautious bull, USD 2,625—USD 2,587 are the key levels to follow.

Zinc Morning Technical (4-hour)

Support		Resistance		Current Price	Bull	Bear
S1	2,858	R1	2,873	2,862.5	RSI above 50	Stochastic overbought
S2	2,826	R2	2,900			
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 overbought
- Price is below the daily pivot point USD 2,873
- Technically bullish yesterday, the futures had traded above the USD 2,875 resistance, and the high of the intraday rejection candle USD 2,885. This indicated that buyside pressure was increasing, warning the USD 2,900 fractal high was now vulnerable. As noted previously, lower timeframe Elliott wave analysis suggested that downside moves should in theory be countertrend.
- Having traded to a high of USD 2,889 the futures are coming under light selling pressure. 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 2,873 with the RSI at or above 59.5 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, the futures are approaching the linear regression line (USD 2,858), a close that holds below this level will leave Fibonacci support levels vulnerable in the near-term. However, our Elliott wave analysis continues to suggest that downside moves should be considered as countertrend, making USD 2,802 the key support to follow, if broken, then the probability of price trading to a new high will start to decrease. If we hold above the USD 2,858 level, it will warn that the USD 2,900 fractal high could be tested and broken. We do have a note of caution on upside breakouts above USD 2,900, as price is likely to be divergent with the RSI.

Nickel Morning Technical (4-hour)

Support		Resistance		Current Price	Bull	Bear
S1	15,150	R1	15,279	15,190	Stochastic oversold	RSI below 50
S2	15,107	R2	15,394			
S3	15,028	R3	15,440			

Synopsis - Intraday Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (46)
- Stochastic is oversold
- Price is below the daily pivot point USD 15,279
- Technically bullish yesterday, the MA on the RSI implied that momentum was supported. The upside move above USD 15,394 warned that buyside pressure was increasing, leaving the USD 15,520 resistance vulnerable. We remained cautious on downside moves, as our Elliott wave analysis suggested 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.
- The futures have entered a corrective phase with price trading just below the intraday 200-period MA (USD 15,198), meaning we are at an inflection point. Price is below the EMA support 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 15,279 with the RSI at or above 52 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 but in a corrective phase, price is now at an inflection point. A close that holds below the USD 15,198 level will warn that the USD 15,107 support is vulnerable; if broken, then the probability of the futures trading to a new high will start to decrease. Our Elliott wave analysis does suggest that downisde moves should be considered as countertrend; however, we are more cautious today as the daily chart has produced a bearish rejection candle, whilst below the daily 200-period MA (USD 15,505). The lower swing high (daily chart) is warning that the USD 15,107 support is looking vulnerable, making this the key level to follow.

Lead Morning Technical (4-hour)

Support		Resistance		Current Price	Bull	Bear
S1	1,982	R1	1,992	1,990		RSI below 50
S2	1,979	R2	1,994			
S3	1,965	R3	2,012			

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 1,992
- Unchanged on the technical again yesterday; price was at an inflection point as we were trading on the intraday 200-period MA. 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 was increasing, leaving the USD 1,965 low vulnerable. As noted previously, upside moves above USD 2,019 would be above the previous months high, indicating an increase in buyside pressure, at that point, resistance levels would become vulnerable. The technical was neutral, as price is above the USD 1,982—USD 1,979 support, but below the USD 2,012 resistance. (Rhetoric unchanged)
- The futures continue to consolidate around the intraday 200-period MA. We are below the EMA support band with the RSI near neutral at 49, intraday price and momentum are conflicting.
- A close on the 4-hour candle above USD 1,992 with the RSI at or above 51.5 will mean price and momentum are aligned to the buyside. Likewise, a close below this level with the RSI at or below 47 will mean it is 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 neutral, the futures are tracking the intraday 200-period MA (USD 1,994) and the daily 200-period MA (USD 1,992). The EMA support band is flat, the averages are within USD 1.00 of each other, confirming the lack of trend. We also highlight the intraday/daily Bollinger contraction, implying a low volume environment. Bollinger noted the low volatility is begets high volatility, highlighting the cyclical nature of the market. There are signs that the market is getting ready for a breakout, i'm just not sure of its direction, meaning I am neutral.