FIS

Base Morning Technical Report

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(Bloomberg) -- China suspended an unofficial subsidy for copper and nickel imports from countries including Russia, which has become more dependent on purchases by its Asian neighbor since western nations imposed sanctions after the invasion of Ukraine.

For years, Chinese state-owned enterprises could receive a rebate on purchases of copper and nickel from Iran, Mongolia and Russia. The size of the rebate was either a small percentage of the metal's value, or a fixed amount, depending on market conditions.

The rebate has been removed in the latest tenders, which could make Russian metal less competitive, according to people familiar with the matter. However, the withdrawal of the subsidy is unlikely to substantially impact Russia's massive metal flows, given Moscow's reliance on Chinese buying, the people said, asking not to be identified because the matter is private.

The reason for the policy change isn't clear, but the decision was made before President Vladimir Putin's four-day visit to China in early September, the people said. During that trip, China's President Xi Jinping cemented political and economic ties with Putin, including paving the way for increased Russian gas imports.

China's Ministry of Finance did not respond to a request for comment.

Russian metals exports to China have surged since the Kremlin sent troops into Ukraine in 2022, resulting in international sanctions and trade restrictions. While some of the country's biggest producers are not sanctioned by the US and its allies, new Russian supplies can no longer be delivered to the London Metal Exchange and the Chicago Mercantile Exchange and are subject to some trade restrictions.

Copper Morning Technical (4-hour)

Support		Resistance		Current Price	Bull	Bear
S1	9,931	R1	10,018	9,941.5	Stochastic oversold	RSI below 50
S2	9,847	R2	10,101			
S3	9,782	R3	10,192.5			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- The RSI below 50 (44)
- Stochastic is oversold
- Price is below the daily pivot point USD 10,018
- Technically bullish yesterday, the MA on the RSI implied that momentum remained weak. The futures were approaching the linear regression line (USD 10,055), making this the near-term support to follow, alongside the low of the last dominant bull candle (USD 10,061). A close that held below this support area would warn that the Fibonacci support zone could come under pressure. Whilst above this level, resistance levels remained vulnerable. Elliott wave analysis continued to suggest that downside moves looked like they should be countertrend, making USD 9,847 the key support to follow. Below this level the probability of price trading to a new high would start to decrease.
- The futures closed below the USD 10,055 level, resulting in price selling into the Fibonacci support zone. We are 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 10,018 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 9,847 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. Up-side moves that fail at or below USD 10,101 will warn that there is further downside within the corrective phase; if broken the USD 10,192.5 fractal high will become vulnerable. Price is below the trend resistance line (USD 10,017), a close that holds above this level is likely to be above the daily pivot level, warning the USD 10,101 resistance could come under pressure. We rare cautious on corrective moves lower, as our Elliott wave analysis suggests downside moves should be considered as countertrend.

Aluminium Morning Technical (4-hour)

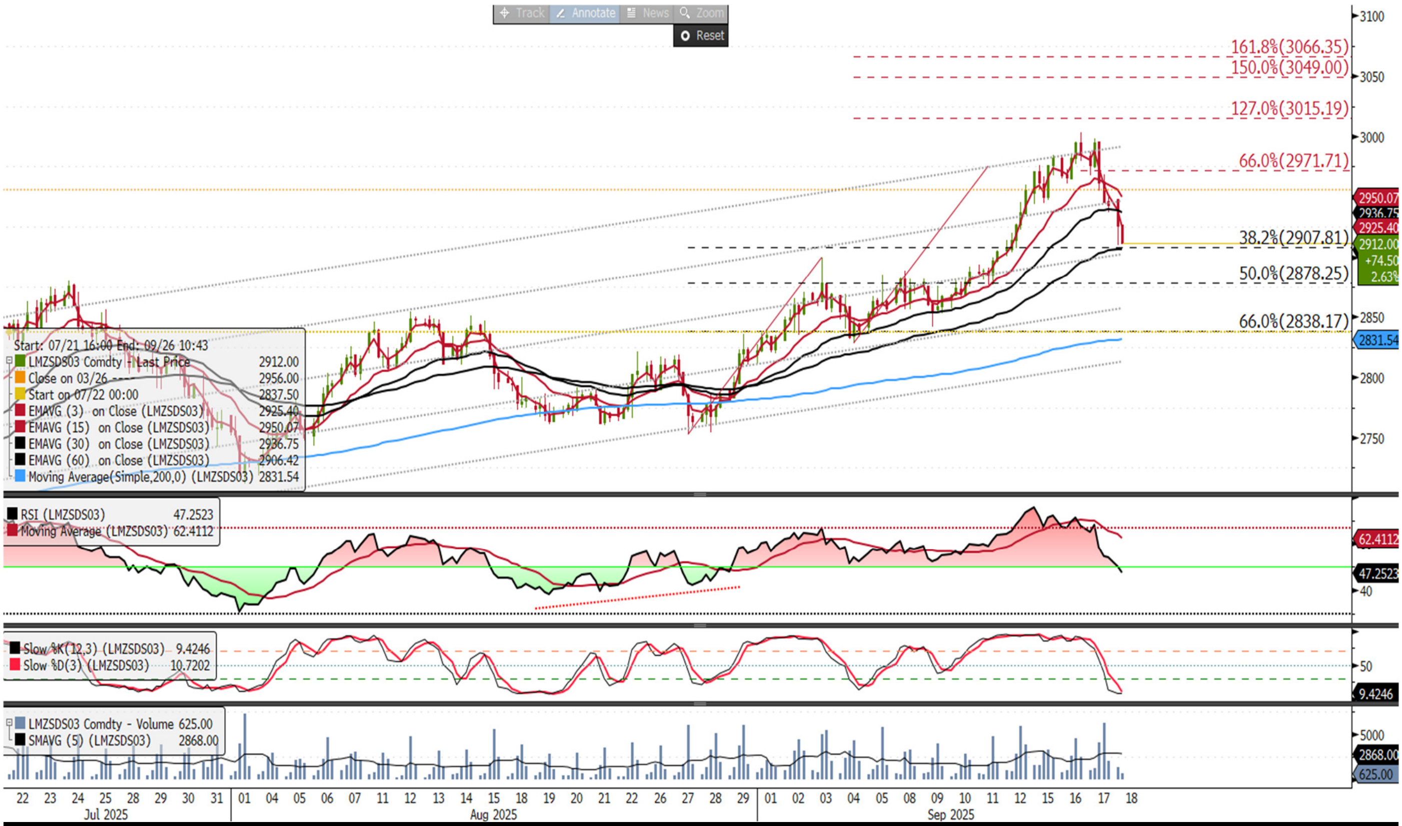
Support		Resistance		Current Price	Bull	Bear
S1	2,669	R1	2,692	2,672.5	RSI above 50	
S2	2,654	R2	2,720			
S3	2,633	R3	2,730			

Source Bloomberg

Synopsis - Intraday

- Price is between the EMA support band (Black EMA's)
- RSI is above 50 (51)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,692
- Technically bullish yesterday, the futures were in divergence whilst price and momentum were conflicting, meaning we maintained a cautious approach on upside moves. The upside move to USD 2,720 was a small bodied rejection candle on high volume, implying we are starting to see selling interest in the market. The technical continued to look vulnerable to an intraday pullback; however, as noted previously, our Elliott wave analysis did suggest that downside moved looked to be countertrend, making USD 2,633 the key support to follow. Below this level, the probability of the futures trading to a new high would start to decrease.
- The futures have entered a corrective phase with the futures now in the EMAS support band. The RSI is near-neutral at 51 whilst price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 2,692 with the RSI at or above 66 will mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 2,633 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. Price is below the linear regression line (USD 2,678), if we close and hold below it, then we could see the USD 2,633 support come under pressure. If broken, then the probability of the futures trading to a new high will start to decrease. However, we remain cautious on corrective moves lower as our Elliott wave analysis suggests that they should be considered as countertrend.

Zinc Morning Technical (4-hour)



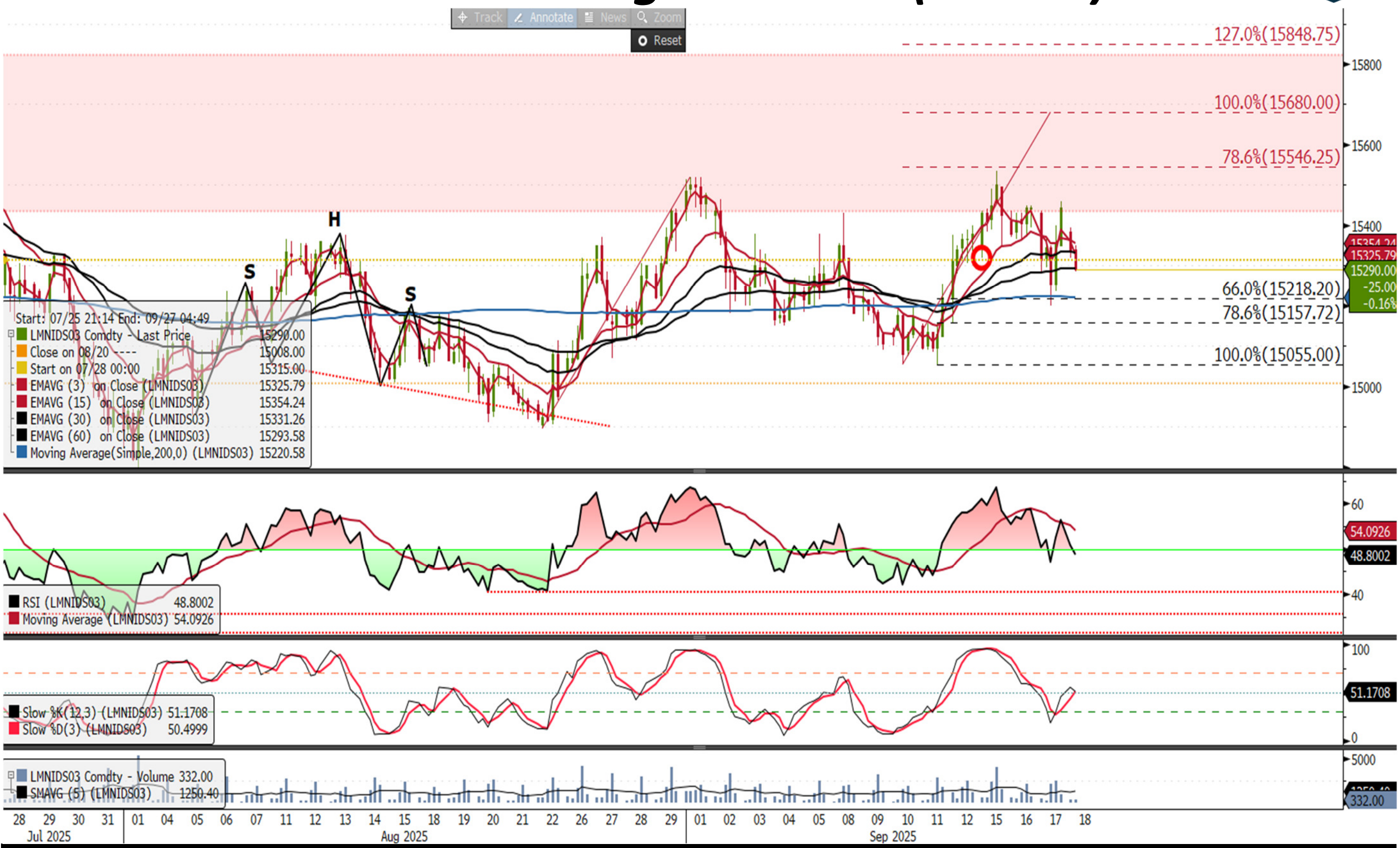
Support		Resistance		Current Price	Bull	Bear
S1	2,907	R1	2,959	2,912	Stochastic oversold	RSI below 50
S2	2,902	R2	2,971			
S3	2,878	R3	3,003.5			

Source Bloomberg

Synopsis - Intraday

- Price is between the EMA support band (Black EMA's)
- RSI is below 50 (47)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,959
- Unchanged on the technical yesterday, we remained bullish with price continuing to trade over two standard deviations above the linear regression line, whilst in divergence, with price and momentum conflicting. For this reason we remained cautious on upside moves at those levels, as price was due an intraday pullback. Elliott wave analysis suggests that downside moves should be countertrend, making USD 2,838 the key support to follow. If broken, then the probability of price trading to a new high will start to decrease.
- The futures have entered a corrective phase with price now approaching the Fibonacci support zone, We are between 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 2,959 with the RSI at or above 64.5 will mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 2,838 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 remains weak, with linear regression support at USD 2,902. A close that holds below the USD 2,902 level will warn that the USD 2,838 support could come under pressure; if broken, then the probability of the futures trading to a new high will start to decrease. Conversely, upside moves that fail at or below USD 2,971 will warn that there is further downisde within the technical. Intraday Elliott wave analysis suggests downside moves should be considered as countertrend. USD 2,902 is a key support, meaning we have a note of caution on downside moves as we approach it.

Nickel Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	15,218	R1	15,355	15,290		RSI below 50
S2	15,157	R2	15,460			
S3	15,055	R3	15,546			

Synopsis - Intraday

Source Bloomberg

- Price is between/below the EMA support band (Black EMA's)
- RSI is below 50 (48)
- Stochastic is at 50
- Price is below the daily pivot point USD 15,355
- The futures were bullish but in a corrective phase yesterday with the MA on the RSI implying that momentum was weak. We had key support at 15,218 and the intraday 200-period MA at USD 15,222, making this a key area to follow. We were looking at a 3-wave corrective pattern, if we hold above the support zone highlighted, then we could still see another move higher. If we did, it will signal a potential bullish Elliott wave extension. Neutral today, as we need to see either support being broken, or bullish price action.
- The futures traded below the USD 15,218 support before rallying post rate cut; however, the move is struggling to hold with price selling lower this morning. We are on the base of 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 15,355 with the RSI at or above 56.5 will mean price and momentum are aligned to the buyside.
- The downside move below USD 15,218 meant that the futures were bullish but with a neutral bias yesterday; however, this was followed by price trading above the USD 15,421 level within two candles. In theory, we are back in bull territory but the whipsaw reaction between support and resistance implies indecision, meaning we maintain a neutral bias. Due to the upside move above USD 15,421, we continue to have key support at USD 15,218 and the 200-period MA at USD 15,220. If we hold above the support zone highlighted, then we could still see another move higher. If we do, it will signal a potential bullish Elliott wave extension. The MA on the RSI implies momentum is weak, warning support could come under pressure, the whipsaw between support and resistance means we remain neutral.

Lead Morning Technical (4-hour)

Support		Resistance		Current Price	Bull	Bear
S1	1,994	R1	2,004	2,004.5	RSI above 50	
S2	1,988	R2	2,010			
S3	1,982	R3	2,023			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (53)
- Stochastic is above 50
- Price is below the daily point USD 2,007
- Unchanged on the technical yesterday, we remained bullish having held key support previously. The MA on the RSI implied that momentum remained weak, but price was above the USD 1,998—USD 1,988 support area. A close that held below the 200-period MA, that breached the USD 1,988 level, would mean that the probability of the futures trading to a new high would start to decrease. However, we put more weight on the average; if we breached the USD 1,988 level but failed to hold below the MA, then resistance levels would remain vulnerable. Our wave analysis did suggest that downside moves should be considered as countertrend at that point.
- The futures tested the downside but the 200-period MA held (USD 1,994), resulting in price seeing a small move higher. We are above the EMA support band with the RSI above 50, intraday price and momentum are aligned to the buyside, as the previous candle closed on/above the daily pivot level.
- A close on the 4-hour candle below USD 2,007 with the RSI at or below 51.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 1,988 will support a bull argument, below this level the technical will have a neutral bias.
- The futures continue to hold the support zone with price trading to a high of USD 2,014.5 yesterday. Upside moves above this level will warn that the USD 2,020 fractal high and USD 2,023 Fibonacci resistance could be tested and broken. Whilst above the support zone, resistance levels remain vulnerable. Our intraday Elliott wave analysis continues to suggest that downside moves should be considered as countertrend.