



# Base Morning Technical Report

info@freightinvestor.com | freightinvestorservices.com | (+44) 207 090 1120

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(Bloomberg) -- Copper rose for the fourth time in five sessions, as investors focused on the outlook for Federal Reserve interest-rate policy amid a US government shutdown and supply snarls at major mines.

Futures gained as much as 0.9% on the London Metal Exchange, extending a sharp rally this month. Prices have been boosted by supply disruptions at the Grasberg mine in Indonesia and elsewhere. Meanwhile, data that may guide the outlook for Fed policy has been disrupted by the US shutdown, though traders are still betting on more loosening by the US central bank.

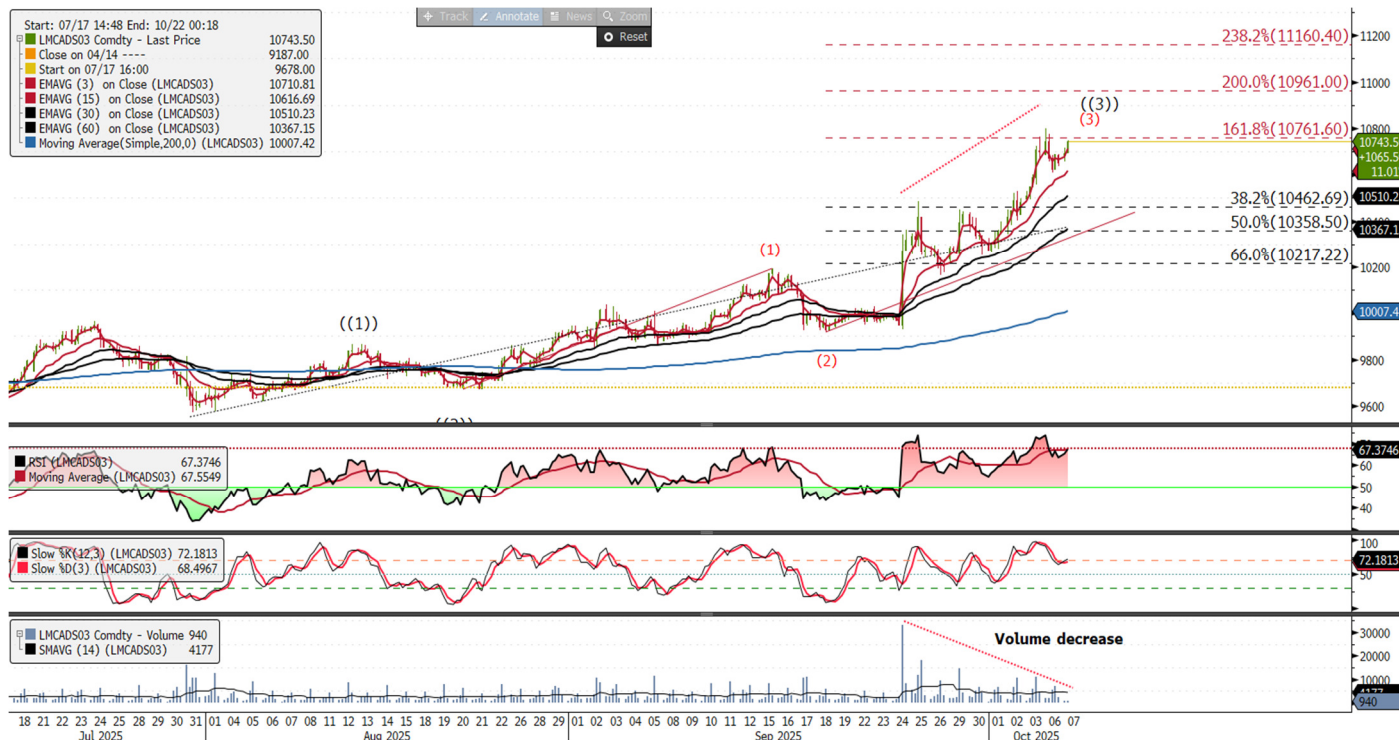
Officials including Kansas City Fed President Jeff Schmid have cautioned against a rapid turn to rate cuts after their first-of-the-year last month. Lower rates typically boost investor demand for non-yielding assets like metals, particularly when inflation remains high.

Traders are also eyeing the outlook for production at Freeport-McMoRan Inc.'s Grasberg, which has been hobbled since a mudslide last month. The company said on Sunday it found the bodies of the remaining workers killed in the incident, but has not updated output guidance since it was slashed.

Copper rose 0.7% to trade at \$10,728 a ton by 2:54 p.m. in Singapore. Aluminum declined 0.1%, while zinc rose 0.1%.

Iron ore futures were little changed at \$103.90 a ton in Singapore. China markets remain closed for the national Golden Week holiday.

# Copper Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	10,743	RSI above 50	
S2	R2			
S3	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- The RSI above 50 (67)
- Stochastic is above 50
- Price is above the daily pivot point USD 10,687
- Technically bullish on Friday, the MA on the RSI implied that we had light momentum support; however, price was in divergence with the RSI. Not a sell signal, it warned that we could see a momentum slowdown, which needed to be monitored. We noted that the upside moves from the USD 10,165.5 low on the 26/09 only consists of 3-waves, rather than 5; although we were in divergence, there was still a chance that intraday downside moves could be countertrend, based on our pattern analysis.
- The futures traded to a high of USD 10,800 before entering a small corrective phase. Price is seeing light bid support this morning, we are above all key moving averages supported by the RSI above 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle above USD 10,687 with the RSI at or above 69.5 will mean price and momentum are aligned to the buy side; likewise, a close below this level will mean it is aligned to the sell side. Downside moves that hold at or above USD 10,217 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the upside move on Friday has created a lower timeframe Elliott wave extension, meaning downside moves should still be considered as countertrend. Above USD 10,800 the futures will be in divergence with the RSI, meaning we have a note of caution on upside breakouts above this level, we also highlight that the futures are moving higher on decreasing volume, warning intraday buy side momentum is showing signs of weakness. The technical is showing signs of intraday exhaustion, meaning we are currently cautious on upside moves at this point. However, as highlighted in the copper technical yesterday afternoon, there are larger bull wave cycles in play on higher timeframes.

# Aluminium Morning Technical (4-hour)



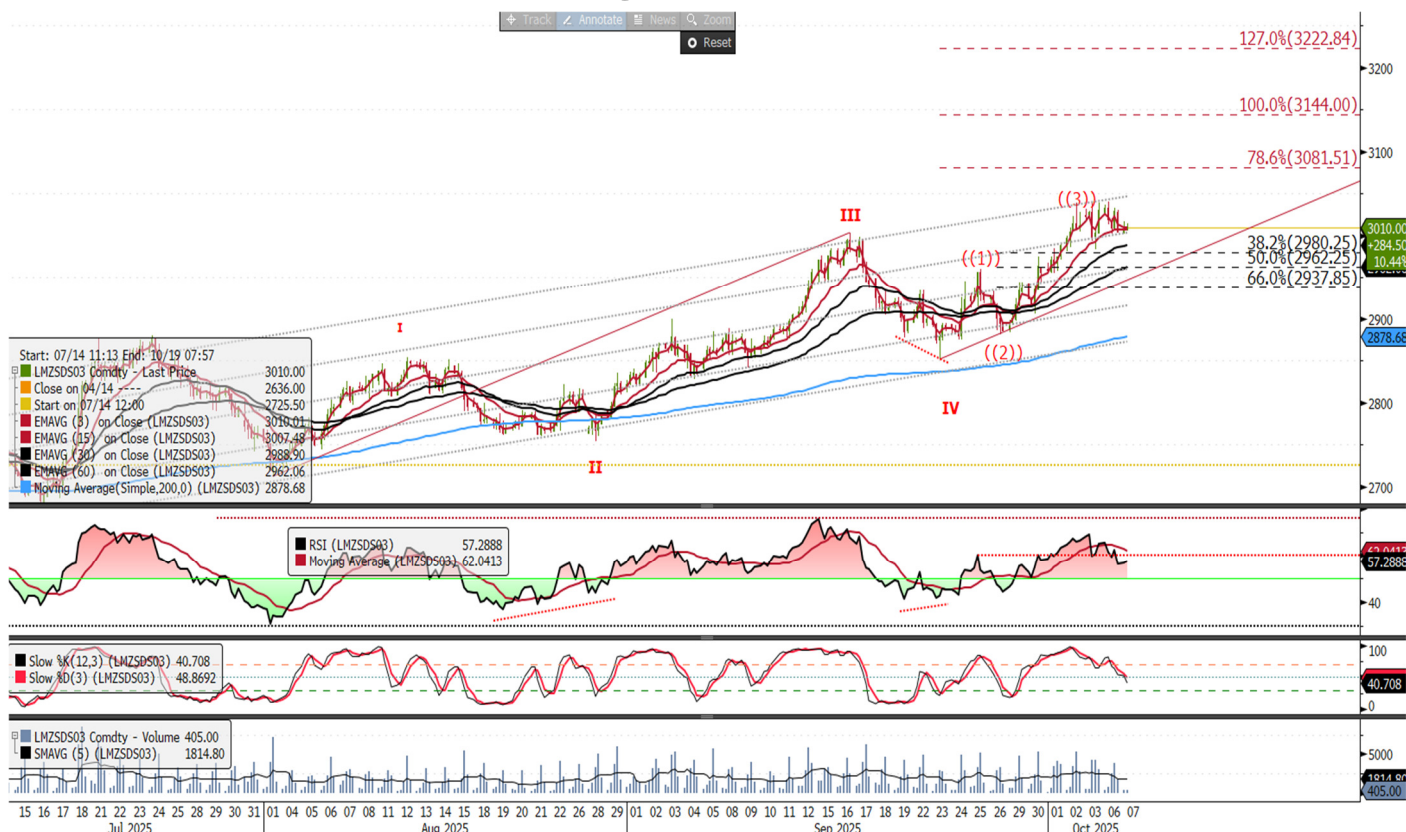
Support	Resistance	Current Price	Bull	Bear
S1	R1	2,720	RSI above 50	Stochastic overbought
S2	R2			
S3	R3			

Source Bloomberg

## Synopsis - Intraday

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (62)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,716
- Unchanged on the technical on Friday. Having corrected previously, the upside move meant that the futures were testing the linear-regression line (USD 2,697). A close that held above it would imply momentum was supported, warning the USD 2,720 fractal resistance could be tested and broken. However, as highlighted previously, a series of small bodied candles had warned buyside pressure was decreasing, whilst the upside move failed to hold. Technically, we should say, if we traded above the USD 2,714 level, then the USD 2,720 level should be broken. We thought, emphasis should still be on the linear line, as this was where we were seeing market reactions. If we closed and hold above it, then it should result in the USD 2,714—USD 2,720 levels being broken.
- The futures closed above the linear regression line (USD 2,703), resulting in price trading to a high of USD 2,729.5. 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 2,716 with the RSI at or below 57.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 2,662 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the MA on the RSI implies that we have light momentum support however, the new high means price is in divergence with the RSI, warning we could see a momentum slowdown. A close below the low of the last dominant bull candle (USD 2,707.5) will imply sell side pressure is increasing, warning the Fibonacci support zone could come under pressure, making USD 2,662 the key support to follow. Corrective moves that hold at or above this level will leave the futures vulnerable to one more upside wave within this phase of the cycle; if broken, then the probability of the futures trading to a new high will start to decrease.

# Zinc Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	3,010	RSI above 50	
S2	R2			
S3	R3			

Source Bloomberg

## Synopsis - Intraday

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (57)
- Stochastic is below 50
- Price is below the daily pivot point USD 3,016
- Technically bullish on Friday, the MA on the RSI implied that momentum was supported; however, price remained in divergence with the RSI. We were trading two standard deviations above the linear regression line, leaving the futures vulnerable to an intraday pullback. Lower timeframe Elliott wave analysis still suggested that downside moves should be countertrend, making USD 2,937 the key support to follow. Below this level the probability of the futures trading to a new high would start to decrease.
- The futures are consolidating near their highs, we are 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 3,016 with the RSI at or above 63.5 will mean price and momentum are aligned to the buy side. Downside moves that hold at or above USD 2,937 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, whilst we have a minor divergence in play. Elliott wave analysis continues to suggest that downside moves should be considered as countertrend, making USD 2,937 the key support to follow, below this level the probability of price trading to a new high will start to decrease. We have a note of caution on intraday upside moves in the near-term.



# Nickel Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	15,430	R1	15,450	15,450	RSI above 50	Stochastic overbought
S2	15,246	R2	15,535			
S3	15,157	R3	15,640			

## Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (58)
- Stochastic is overbought
- Price is above the daily pivot point USD 15,430
- Technically bullish last week, the MA on the RSI implied that we had light momentum support. However, the daily 200 period MA was at USD 15,449, meaning we are at a higher timeframe inflection point. The average had held 3 times in recent weeks; If rejected, support level would come under pressure. Conversely, a close that held above it will support a longer-term bull argument. We maintain a neutral view on the technical.
- An intraday pullback on Monday has failed to hold with price trading back on the daily 200-period MA (USD 15,450), 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 15,430 with the RSI at or below 55 will mean price and momentum are aligned to the sell side.
- Unchanged on the technical today, we remain bullish but price is trading on the daily 200-period MA, meaning we remain at an inflection point. As noted previously, the average has held 3 times when tested in recent weeks; If rejected, support level will come under pressure. Conversely, a close that holds above it will support a longer-term bull argument. We maintain a neutral view on the technical.

# Lead Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	1,995	R1	2,008	2,003.5	Stochastic oversold	RSI below 50
S2	1,989	R2	2,022			
S3	1,983	R3	2,035			

## Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (48)
- Stochastic is oversold
- Price is below the daily point USD 2,008
- The upside moves is struggling to hold on Friday whilst price was in divergence with the RSI, warning we were vulnerable to an intraday move lower. However, as highlighted previously, the upside breakout on the daily chart warned that downside moves had the potential to be countertrend, making USD 2,000 the key support to follow. If broken, then the pullback would be considered as deep, suggesting the probability of the futures trading to a new high had started to decrease.
- The upside moves has failed to hold with price reverting back to the intraday 200-period MA (USD 1,995). 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 2,008 with the RSI at or above 54 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 2,022 will leave the futures vulnerable to further tests to the downside, above this level the technical will be back in bullish territory.
- Bullish with a neutral bias, the probability of price trading to a new high has started to decrease. The futures have mean reverted back to the intraday and daily 200 period MA's (USD 1,995—USD 1,989). Technically, price action is neutral; however, whilst we are above the daily 200 MA, resistance levels are still considered as vulnerable.