FIS

Base Morning Technical Report

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(Bloomberg) -- Copper fell after rallying to near a record, as traders focused on production outages.
The metal eased after gaining 1.9% on Thursday following the return of China from a week-long holiday. Prices touched $11,000 during the session, just shy of the record $11,104.50 reached in May of last year.
Chile's Coldelco recorded its worst monthly copper output in decades after a collapse at its El Teniente mine in July. The world's top producer of the metal is struggling to recover from a protracted slump in output.

Traders are also looking to Federal Reserve policy to provide fresh impetus to the rally following the central bank's rate cut in September. Bloomberg Economics expects softening US inflation data to ensure more monetary loosening at the October meeting, though the government shutdown may disrupt the release of the data.
Lower interest rates typically support investment demand for non-yielding assets like metals. Swaps traders see at least one more rate cut this year, with a strong possibility for a second.
Copper futures declined 0.9% to $10,765.50 a ton on the London Metal Exchange by 1:25 p.m. in Singapore, on track for a 0.5% gain this week. Most other metals were lower, with aluminum sliding 1%. Zinc added 0.1%.
Singapore iron ore futures rose 0.5% to $105.60 a ton while futures on the Dalian exchange also advanced. Shanghai steel contracts were mixed.

Copper Morning Technical (4-hour)

Support		Resistance		Current Price	Bull	Bear
S1	10,730	R1	10,819	10,743	RSI above 50	
S2	10,586	R2	10,857			
S3	10,459	R3	10,961			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- The RSI above 50 (56)
- Stochastic is above 50
- Price is below the daily pivot point USD 10,819
- Technically bullish yesterday, the new high previously (USD 10,815) had created a small Elliott wave extension on the lower timeframe, meaning the pullback after the breakout had not been as deep as expected. Price and momentum were aligned to the buyside, but the futures remained in divergence with the RSI, meaning we continued to be cautious on upside moves whilst the divergence was in play. As highlighted previously, there were higher timeframe Elliott wave cycles in play, meaning we maintained our view that downside moves should still be considered as countertrend.
- The futures traded to a high of USD 11,000; however, due to the divergence in play the move failed to hold, resulting in price selling back below yesterday mornings values. We remain above all key moving averages supported by the RSI above 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 10,819 with the RSI at or above 65 will mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 10,286 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 we have light momentum weakness. The futures are selling lower due to the negative divergence with the RSI, which has created a high volume rejection candle. Downside moves below USD 10,730 will indicate that the lower timeframe Elliott wave cycle has a neutral bias, warning the probability of price trading to a new high within this phase of the cycle will have started to decrease, suggesting we could be entering a higher timeframe corrective phase. Conversely, whilst above this level, resistance will remain vulnerable. Higher timeframe Elliott wave cycles continues to suggest that downside moves should be considered as countertrend. The divergence and the high volume rejection candle mean we are cautious on upside moves in the near-term, making USD 10,730 the key support to follow.

Aluminium Morning Technical (4-hour)

Support		Resistance		Current Price	Bull	Bear
S1	2,739	R1	2,784	2,769	RSI above 50	Stochastic overbought
S2	2,718	R2	2,793			
S3	2,689	R3	2,807.5			

Source Bloomberg

Synopsis - Intraday

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (61)
- Stochastic is overbought
- Price is below the daily pivot point USD 2,784
- The futures continued to see good bid support yesterday with price now trading over two standard deviations above the linear regression line, whilst the RSI was approaching resistance. We were still divergent, price was overextended to the buyside, meaning we continued to be cautious on upside moves at those levels. However, we are yet to see price close below the low of a dominant bull candle (Currently USD 2,746), if we did, it would warn of momentum weakness. Elliott wave analysis continued to suggest that downside moves should be considered as countertrend, making USD 2,684 the key support to follow.
- The futures traded to a high of USD 2,807.5 before selling lower into the close and on the Asian open. 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 2,784 with the RSI at or above 71 will mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 2,689 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the future have closed below the low of the last high volume dominant bull candle (USD 2,778), implying buyside pressure is easing, whilst price is back below the two standard deviation line (USD 2,787). Elliott wave analysis continues to suggest that downside moves should be considered countertrend, making USD 2,689 the key resistance to follow. Below this level the probability of the futures trading to a new high will start to decrease. Although bullish, the move lower on the Asian open is warning that support levels could come under pressure in the near-term.

Zinc Morning Technical (4-hour)

Support		Resistance		Current Price	Bull	Bear
S1	3,001	R1	3,023	3,012.5	RSI above 50	
S2	2,980	R2	3,081			
S3	2,929	R3	3,144			

Source Bloomberg

Synopsis - Intraday

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (52)
- Stochastic is below 50
- Price is below the daily pivot point USD 3,023
- Technically bullish yesterday, the MA on the RSI implied that momentum was weak, meaning support levels were still vulnerable. Yesterday we noted that downside moves should be considered as countertrend. However, if we traded above USD 3,048 then we will have 4-divergences in play just on this timeframe, making me question my count, as we also had the two standard deviation resistance at USD 3,061. Technically we could still move higher, but I had less conviction yesterday, as without reason, any upside move looked like it will struggle to hold. Key support was at USD 2,940, below this level the probability of the futures trading to a new high will start to decrease.
- The confusion on the Elliott wave count yesterday looks like it was an irregular top pattern between the high at wave 3 and the corrective wave 4 (irregular top = wave B traded higher than wave 3), resulting in the futures trading to a new high (wave 5). However, due to the divergences in play, the upside move has failed to hold, resulting in a rejection candle and a subsequent move lower. 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 3,023 with the RSI at or above 59 will mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 2,929 will support a bull argument, below this level the technical will have a neutral bias.
- Due to the move higher yesterday we have had to tweak the Elliott wave cycle. The lower timeframe cycle is bullish but with a neutral bias, warning the probability of the futures trading to a new high within this phase of the cycle has started to decrease, below USD 2,980.5 the futures will be bearish based on price, indicating the lower timeframe cycle has completed. However, there is a larger bull Elliott wave cycle in play, implying downside moves should still be considered as countertrend, making USD 2,929 the key support to follow. The high volume rejection candle on the negative divergence yesterday is a warning that support levels are looking vulnerbale in the near-term.

Nickel Morning Technical (4-hour)

Support		Resistance		Current Price	Bull	Bear
S1	15,285	R1	15,465	15,340		RSI below 50
S2	15,225	R2	15,535			
S3	15,155	R3	15,597			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (46)
- Stochastic is at 50
- Price is below the daily pivot point USD 15,465
- Technically bullish yesterday, the new high meant that the futures were in divergence with the RSI, meaning we were cautious on upside moves at those levels. We noted that the move higher over the last two months could potentially be a larger A, B, C pattern; however, it looked more like an ascending triangle pattern. We were testing the upper resistance, for upside continuation we were going to need to close and hold above the USD 15,535 level, until we did, the futures were considered as neutral. Conversely, an upside rejection and a close that held below trend support line (currently USD 15,217) would have bearish connotations. The pattern has a rising trend support line, this had bullish implications, but until we saw a confirmed breakout, we remained neutral. We noted that you would need volume support on an upside breakout, this would be less important on a downside breakout.
- The futures traded to a high of USD 15,620; however, the move failed to hold due to the divergence. 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 15,465 with the RSI at or above 57 will mean price and momentum are aligned to the buyside.
- The upside rejection on a high volume candle yesterday has resulted in price trading back into the ascending triangle pattern, meaning the technical continues to have a neutral bias. Below USD 15,285 the futures will be bearish based on price, whilst a close that holds below the trend support line (USD 15,225) will indicate technical weakness, warning support levels could come under pressure.

Lead Morning Technical (4-hour)

Support		Resistance		Current Price	Bull	Bear
S1	2,021	R1	2,029	2,027	RSI above 50	Stochastic overbought
S2	2,008	R2	2,034			
S3	2,000	R3	2,042			

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 point USD 2,021
- The upside move in the Asian day session yesterday meant that the futures were back in bullish territory. We noted that we were looking at an upside breakout from a symmetrical triangle; however, the previous breakout had failed to hold, technically the pattern was still in play, providing we closed and held above the trend line (USD 2,008). If we closed back below the USD 2,008 level, price action would be neutral. Bullish but needed confirmation, until we had this, we would continue to be cautious on the upside move.
- The futures remain supported, however, we produced two long legged Doji's into the close yesterday, signalling indecision in the market. 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 2,021 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 2,000 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 whilst price continues to hold outside of the symmetrical triangle. We are seeing indecision in the market, highlighted by the long legged Doji's, suggesting caution. Upside moves above the USD 2,034—USD 2,035 fractal resistance zone will create a negative divergence in the market; not a sell signal it is a warning that we could see a momentum slowdown, which will need to be monitored. Conversely, a close back below the trend support line (USD 2,008) will put price back into the symmetrical triangle, signalling the futures will be in neutral territory. The Doji's and potential divergence above USD 2,034 means we are a cautious bull.