FIS

Base Morning Technical Report

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(Bloomberg) -- Copper's surge is spurring Chinese smelters to step up shipments abroad, lured by near-record prices in London while higher costs deter buyers at home.
Two major Chinese smelters are arranging as much as 25,000 tons of spot shipments to bonded warehouses and Asian depots monitored by the London Metal Exchange for delivery in the coming weeks, people with knowledge of the plans said, asking not to be named discussing non-public information.
A broad rally in metal prices is creating opportunities for the top-producing country to profit from additional exports. Copper prices are on a tear following a series of mine disruptions around the world, while US monetary easing brightens the outlook for global demand.

Spot copper flows from China in addition to term sales may rise to 50,000 tons, according to the median estimate of four traders.
Smelters are taking advantage of copper's widening premium against Chinese benchmarks in a repeat of a spike in outbound shipments this summer. Domestic producers are also exporting zinc, Bloomberg reported earlier.
In London, the spread that spot copper prices command over futures has surged, signaling a shortage of immediate supplies.
Meanwhile, the rapid surge in prices is affecting demand in China, where manufacturers are grappling with slowing consumption and weak margins.
Read More: Metals Veteran Ives Sees $12,000 Copper Within Sight This Year
Demand from electric wire producers, a key source of consumption of the metal, has slowed since the end September, according to traders. The Yangshan copper premium, paid by traders for imported cargoes into China, slumped over 20% since late September, in a sign of shrinking demand.
The LME's benchmark price eased in early trading on Thursday, falling 0.4% to $10,599.50 a ton by 9:39 a.m. Shanghai time. Most other metals rose.

Copper Morning Technical (4-hour)

Support		Resistance		Current Price	Bull	Bear
S1	10,554	R1	10,643	10,565		RSI below 50
S2	10,458	R2	10,726			
S3	10,285	R3	10,871			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- The RSI below 50 (50)
- Stochastic is below 50
- Price is below the daily pivot point USD 10,643
- Technically bullish yesterday, the futures remained in a corrective phase. The MA on the RSI implied that momentum was weak, whilst the failed swing high on the open left support levels vulnerable in the near-term. However, our Elliott wave analysis suggested that downside moves should be considered as countertrend, making USD 10,285 the key support to follow. Below this level the probability of price trading to a new low would start to decrease. The futures had linear regression support at USD 10,595, if we held above this level, and price and momentum became aligned to the buyside, then resistance levels could come under pressure.
- The futures held above the linear regression line with price and momentum becoming aligned to the buyside, resulting in the futures trading to a high of USD 10,766. However, the upside moves has failed to hold with price forming a symmetrical triangle. We are below the EMA support band with the RSI below 50, intraday price and momentum are conflicting, as the previous candle closed below the linear regression line.
- A close on the 4-hour candle above USD 10,643 with the RSI at or above 52.5 will mean price and momentum are aligned to the buyside; likewise, a close below this level will mean it is aligned to the sell side. Downside moves that hold at or above USD 10,285 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish but in a corrective phase, our Elliott wave analysis suggest that downside moves should be considered as countertrend, making USD 10,285 the key support to follow. Below this level the probability of the futures trading to a new high will start to decrease. Near-term price action is now neutral due to a symmetrical triangle forming; a close that holds below the trend support line (USD 10,554) will leave support levels vulnerable. Conversely, upside moves that close and old above USD 10,726 resistance line will indicate that buyside pressure is increasing. Note: an upside breakout should in theory need volume support if it is to hold.

Aluminium Morning Technical (4-hour)

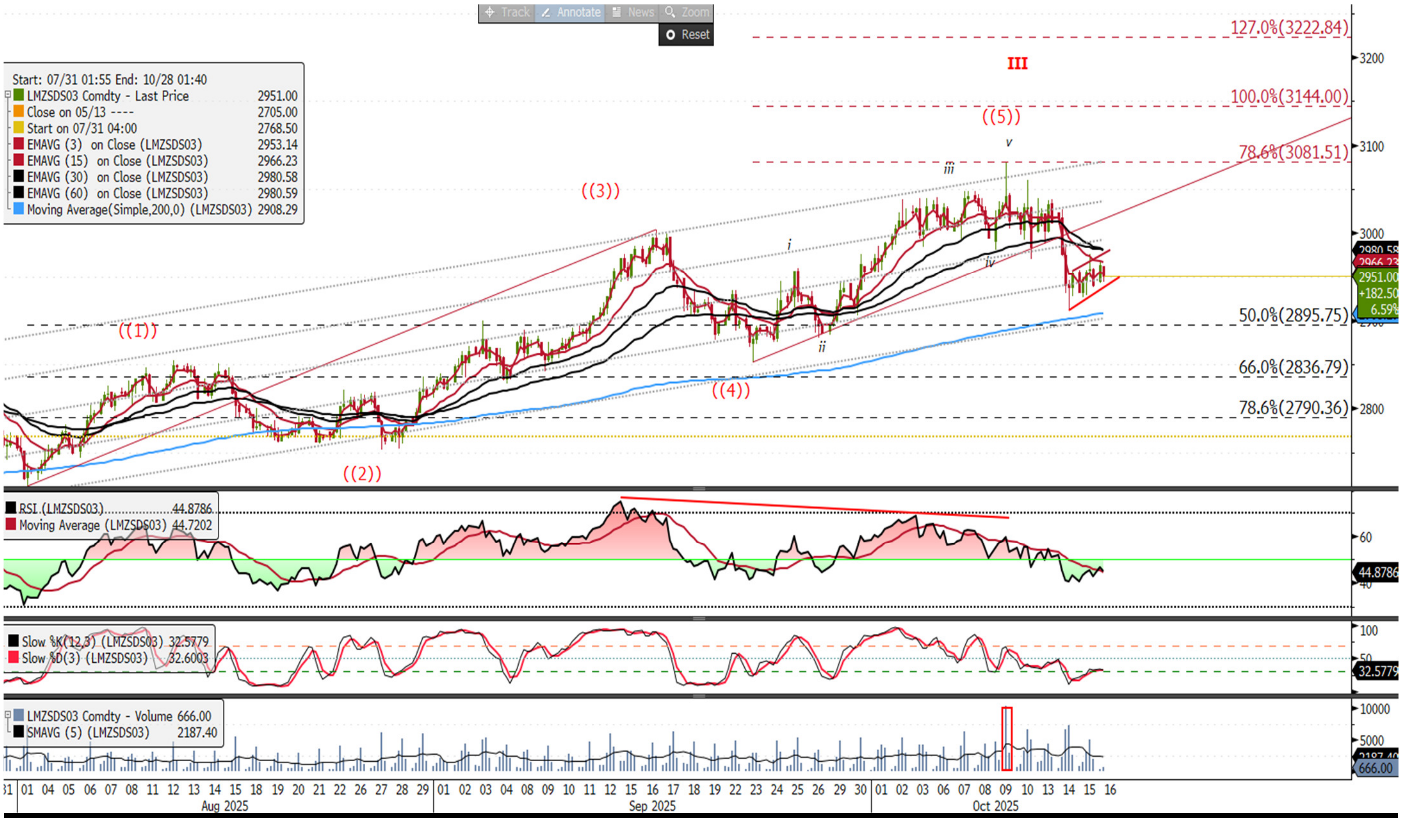
Support		Resistance		Current Price	Bull	Bear
S1	2,756	R1	2,802	2,762	RSI above 50	
S2	2,739	R2	2,850			
S3	2,718	R3	2,891			

Source Bloomberg

Synopsis - Intraday

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (55)
- Stochastic is above 50
- Price is above the daily pivot point USD 2,756
- Bullish but in a corrective phase yesterday, our Elliott wave analysis suggested that downside moves should be considered as countertrend, making USD 2,689 the key support to follow. Below this level the probability of price trading to a new high would start to decrease. We had a 3-wave corrective move lower with price finding bid support. Upside moves above the USD 2,778.5 fractal resistance would further support a bull argument, warning the USD 2,807.5 fractal high could be tested and broken. We continued to be cautious on corrective moves lower.
- Sideways action yesterday, the futures have opened with light bid support this morning. 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 2,756 with the RSI at or below 50 will mean price and momentum are aligned to the sell side. 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.
- Unchanged on the technical this morning, we remain bullish with our Elliott wave analysis suggesting downisde moves should be considered as countertrend, making USD 2,689 the key support to follow. Below this level the probability of the futures trading to a new high will start to decrease. As highlighted yesterday, above the USD 2,778.5 fractal resistance will imply buyside pressure is increasing, leaving the USD 2,807.5 fractal high vulnerable. We continue to be cautious on downisde moves at this point, as the technical suggests that they could struggle to hold.

Zinc Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	2,909	R1	2,992	2,951		RSI below 50
S2	2,895	R2	3,022			
S3	2,836	R3	3,081			

Source Bloomberg

Synopsis - Intraday

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (44)
- Stochastic is below 50
- Price is on the daily pivot point USD 2,950
- The futures remained bullish but in a corrective phase yesterday, the MA on the RSI implied that momentum remained weak, warning we still had the potential to test the USD 2,911.5 low. However, we had the 200-period MA support at USD 2,904, meaning we had a note of caution on downside breakouts below this level. Weak momentum warned that the fractal low was vulnerable; however, we were looking at a 3-wave pattern lower (A, B,C Elliott wave correction), suggesting downside moves could be limited. Elliott wave analysis suggested that downside moves should be considered as countertrend, making USD 2,836 the key support to follow, below this level the probability of the futures trading to a new high within this phase of the cycle would decrease.
- The futures have started to consolidate in a small upward channel, the RSI is below 50 with price below the EMA resistance band, intraday price and momentum are conflicting.
- A close on the 4-hour candle below USD 2,950 with the RSI at or below 42 will mean price and momentum are aligned to the sell side. Likewise, a close above this level with the RSI at or above 46.5 will mean it is aligned to the buyside. Downside moves that held at or above USD 2,836 will support a bull argument, below this level the technical would have a neutral bias.
- Bullish but in a corrective phase, the MA on the RSI implies that momentum remains weak, warning the USD 2,911.5 fractal low remains vulnerable in the near-term. We also highlight the rising channel that is starting to look like a bear flag, a downside breakout below trend support (USD 2,939) will warn that the fractal low could be tested and broken. However, as highlighted previously, our Elliott wave analysis suggests that downside moves should be considered as countertrend, whilst we have the 200-period MA at USD 2,009, suggesting a caution downside breakouts below USD 2,911.5

Nickel Morning Technical (4-hour)

Support		Resistance		Current Price	Bull	Bear
S1	15,186	R1	15,266	15,230	Stochastic is oversold	RSI below 50
S2	15,076	R2	15,298			
S3	14,928	R3	15,360			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (46)
- Stochastic is above 50
- Price is below the daily pivot point USD 15,186
- Technically bearish yesterday, the futures were testing the trend resistance line of the ascending triangle (USD 15,254) whilst we had the 200-period MA at USD 15,263, implying we were nearing a resistance point. A close that held above the USD 15,263 level would support a near-term bull argument; however, as noted previously, the momentum low suggested that upside moves look like they should be countertrend, making USD 15,443 the key level to follow. Upside moves that failed to trade above this level would warn that there is a larger, bearish corrective phase in play; conversely, if broken, then the probability of the futures trading to a new low would start to decrease. We continued to be cautious on higher moves at this point.
- Having traded to a low of USD 15,110, creating a double bottom with price now seeing light bid support. We are below the EMA resistance band with the RSI below 50, intraday price and momentum are aligned to the buy side.
- A close on the 4-hour candle below USD 15,186 with the RSI at or below 39.5 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 15,443 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, the futures have tested but held just above the USD 15,100 support, creating a double bottom in the market. Price is moving higher with the MA on the RSI implying momentum is supported, technically we are now seeing buyside support in the market. A close above the trend resistance and 200-period MA (USD 15,264—USD 15,266) will indicate buyside pressure is increasing, warning the USD 15,433 Fibonacci resistance could come under pressure. USD 15,433 is a key level on the technical, if rejected it will warn that there could be a larger, bearish corrective wave in play; conversely, if broken, then the probability of the futures trading to a new low will start to decrease. We are cautious on downside breakouts below USD 15,100 in the near-term, as it will trigger lower timeframe divergences.

Lead Morning Technical (4-hour)

Support		Resistance		Current Price	Bull	Bear
S1	1,978	R1	1,989	1,983		RSI below 50
S2	1,960	R2	1,997			
S3	1,936	R3	2,002			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (40)
- Stochastic is below 50
- Price is below the daily point USD 1,986
- Technically bearish yesterday, the futures were moving higher on a 1-hour divergence with the RSI. We had closed below the daily 200-period MA (USD 1,990); however, we are yet to see if we would hold below it. As noted previously, the upside rejection and momentum low suggested that upside moves should be considered as countertrend, making USD 2,021 the key resistance to follow. Above this level the probability of the futures trading to a new low would start to decrease.
- The futures rejected the intraday 200-period MA yesterday (USD 1,997), resulting in price closing below the daily 200-period MA (1,985). Price is back below the trend resistance line (USD 1,989) this morning. We are below all key moving averages supported by the RSI below 50; however, price and momentum are aligned to the buyside, as the previous candle closed above the daily pivot level.
- A close on the 4-hour candle below USD 1,986 with the RSI at or below 37.5 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 2,021 will leave the futures vulnerbale to further tests to the downisde, above this level the technical will have a neutral bias.
- Technically bearish, the upside rejection is warning that the USD 1,975 fractal low could be tested and broken. However, we are cautious on downside breakouts below this level, as the futures will be in divergence with the RSI. Not a sell signal, it is a warning that we could see a momentum slowdown, which will need to be monitored.