Base Morning Technical Report

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Cu

(Bloomberg intelligence) -- Copper is in an interesting spot and looks set to push higher as a number of different drivers combine. Should that process gain momentum into the year-end, it's possible that there could be a challenge of the record that was set above $11,000/ton last month.

For the metal itself, concerns remain about supply glitches that have restricted output from key mines and contributed to a shortage of ore now being felt by processors around the world. At the same time, increased tightness is also showing up in the refined side of the market, with the cash-to-three month spread widening in London.

On the trade front, while the Trump administration opted not to impose tariffs on refined metal earlier this year, traders appear to be betting that there may still be a move down the track. Colleague Yvonne Yue Li recently flagged that stockpiles at US exchange-tracked warehouses have spiked to a record high. November will mark a ninth month of inflows, effectively drawing tons away from the LME.

On the macro policy front, bets are once again rising that the Federal Reserve will deliver a rate cut next month, and could signal further easing in 2026 as it weighs the outlook for its dual mandate. Easier policy is a plus for risk assets in general, and a negative for the dollar — both of those are good for copper.

And on the corporate front, while the recent takeover approach by BHP Group for Anglo American was not successful, it was a handy reminder that copper assets remain in high demand given the outlook for rising consumption amid the energy transition. That strengthens the broad positive narrative around the metal's prospects.

Price moves in high-profile commodities such as copper (and also crude) typically come down the interplay between factors that are idiosyncratic to the material itself, such as supply risks, and those that are generated by the wider market/policy mood. When they align — as seems to be the case here — shifts can be rapid.

Copper Morning Technical (4-hour)

Support		Resistance		Current Price	Bull	Bear
S1	10,773	R1	10,966	10,855	RSI above 50	Stochastic overbought
S2	10,603	R2	10,988			
S3	10,577	R3	11,066			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA resistance band (Black EMA's)
- The RSI is above 50 (55)
- Stochastic is overbought
- Price is above the daily pivot point USD 10,773
- Technically bearish yesterday, we noted that the 4-hour divergence failed on Friday, however, we were moving higher on a lower timeframe divergence. Technically we continued to be cautious on downside moves, above USD 10,827 would indicate that buyside pressure was increasing, warning the USD 10,988 resistance could be tested and broken; if it was, it would further support a buyer's argument. Conversely, a rejection of the USD 10,988 level would warn that there could be a larger, more complex corrective phase coming into play. We were a cautious bear, technically we could be looking at a flat Elliott wave correction, implying resistance levels were becoming vulnerable.
- Sideways action yesterday , the futures have seen bid support this morning. 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 10,773 with the RSI at or below 47 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 10,988 will warn that there could be further downside within the corrective phase, above this level the probability of the futures trading to a new low will start to decrease.
- Technically bearish, the MA on the RSI implies that momentum is supported. The futures have traded above the USD 10,827 fractal resistance indicating that buyside pressure is increasing, warning that the USD 10,988 level is now vulnerable. This is a key level on the technical, if broken, then the probability of the futures trading to a new low will start to decrease. Conversely, if rejected, it will warn that the corrective phase is becoming more complex, meaning support levels could come back under pressure. The move above the USD 10,827 implies that resistance levels are looking vulnerable.

Aluminium Morning Technical (4-hour)

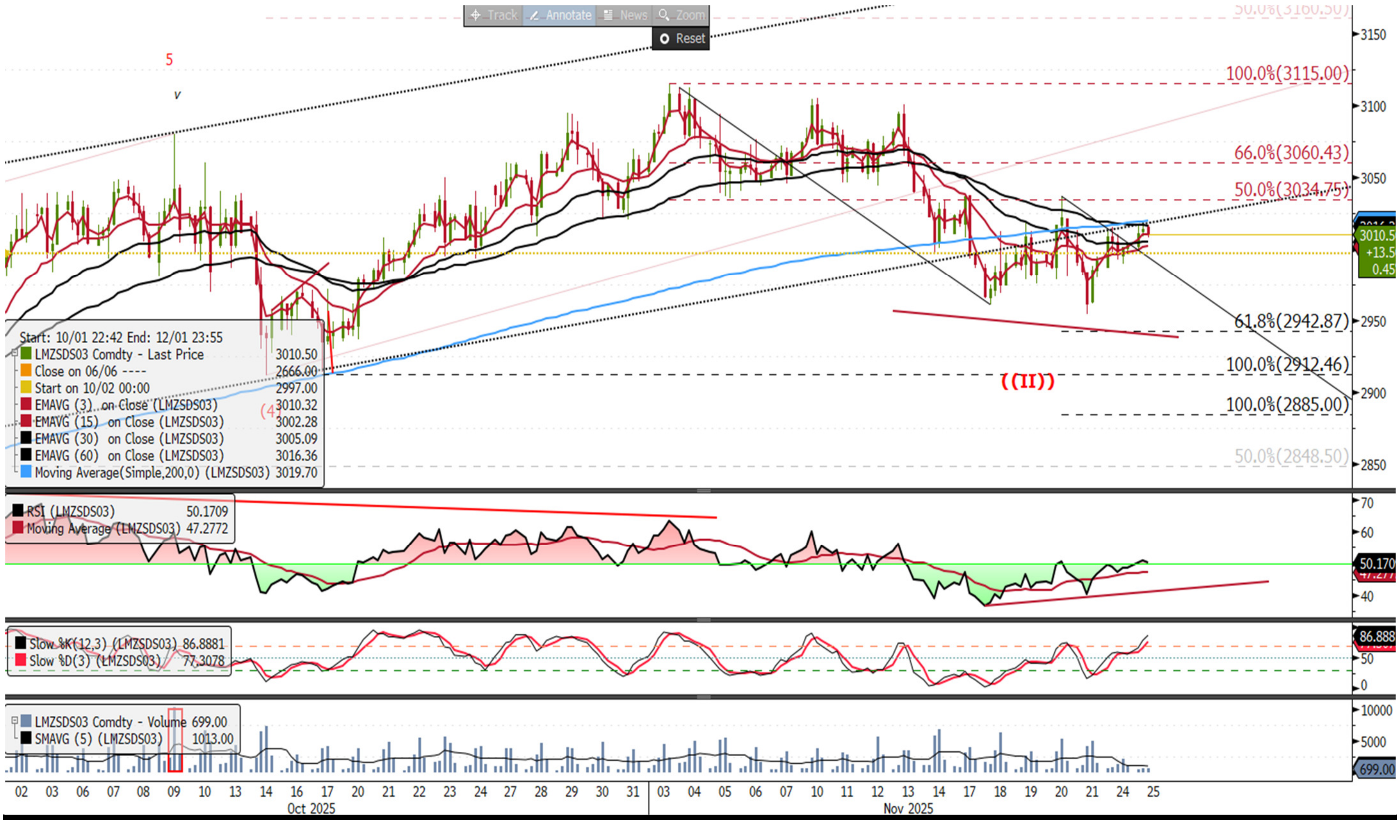
Support		Resistance		Current Price	Bull	Bear
S1	2,808	R1	2,827	2,822		Stochastic overbought
S2	2,781	R2	2,845			
S3	2,755	R3	2,869			

Source Bloomberg

Synopsis - Intraday

- Price is between the EMA resistance band (Black EMA's)
- RSI is at 50 (50)
- Stochastic is below 50
- Price is above the daily pivot point USD 2,808
- Technically bearish with the MA on the RSI implying that we had light momentum support yesterday. The failure to trade to a new low warned that upside moves were still potentially countertrend. We noted that if we closed and held above the linear regression line (USD 2,843) it would imply that buyside pressure was increasing, whilst above USD 2,869 would mean that the probability of the futures trading to a new low would start to decrease. We noted that there was a chance that the wave 5 of C had truncated (finished early without trading below the USD 2,770), as we have seen a higher volume bid support candle with price back above the intraday 200-period MA (USD 2,805). However, based on the wave cycle in front of us, we concluded that upside moves should still be considered as countertrend at this point. A cautious bear.
- The futures traded have traded higher with price now in the EMA resistance band, the RSI is neutral at 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 2,808 with the RSI at or below 42.5 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 2,869 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, the MA on the RSI implies that momentum is supported. We noted yesterday that the futures had not traded to a new low, warning upside moves still had the potential to be countertrend; we now have a 3-wave pattern higher with price in the EMA resistance band, meaning we have a note of caution on upside moves. If we trade above the USD 2,869 resistance, then the probability f price trading to a new low will start to decrease, increasing the probability that the wave 5 of C had truncated. Price is now above the 200-period MA (USD 2,807), if we hold above it, then resistance levels could come under pressure. Conversely, a close that holds below it (alongside the 3-wave pattern higher), it will warn that the USD 2,770 fractal low could be tested and broken.

Zinc Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	3,000	R1	3,019	3,010.5		Stochastic overbought
S2	2,989.5	R2	3,034			
S3	2,954.5	R3	3,060			

Synopsis - Intraday

Source Bloomberg

- Price is between the EMA resistance band (Black EMA's)
- RSI is at 50 (50)
- Stochastic is overbought
- Price is above the daily pivot point USD 3,000
- Technically bearish yesterday, the MA on the RSI implied that momentum was supported with price moving higher on the divergence. A close that held above the lower channel resistance (USD 3,011) would imply that buyside pressure was increasing, whilst above USD 3,060 the probability of price trading to a new low would start to decrease. This corrective cycle was looking like it may have completed, warning resistance could come under pressure.
- Sideways action yesterday, as price is trading within 50 cents of the previous morning reports. We remain between the EMA resistance band with the RSI neutral at 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 3,000 with the RSI at or below 45 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 3,060 will leave the futures vulnerable to further tests to the downside, above this level the technical will be back in bullish territory.
- Technically bearish, the futures remain below the channel resistance line and the 200-period MA (USD 3,019). A close that holds above this level will imply that buyside pressure is increasing, warning the USD 3,060 level could be tested and broken, if it is, then the probability of the futures trading to a new low will start to decrease. As highlighted previously, we are cautious on downside moves as the Elliott wave corrective phase looks to have completed. However, for upside continuation, price needs to close and hold above the channel resistance/200-period MA.