



Base Morning Technical Report

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(Bloomberg) -- Copper rose toward a record high and other metals advanced after the Federal Reserve delivered a widely-expected interest-rate cut and maintained the outlook for one more next year.

The industrial metal climbed as much as 1.5% in London before paring more than half of those gains. The US central bank lowered rates for a third straight meeting, but subtly changed the wording of its statement to hint at greater uncertainty around future reductions.

Beijing signaled on Monday that it would stick with a “proactive” fiscal approach and maintain a “moderately loose” monetary stance.

Industrial metals have marched higher in recent months on loosening monetary policy. Copper, which has rallied by more than 30% so far this year, has also been buoyed by a series of mine disruptions and fears of a shortage outside the US as traders rush supplies there ahead of potential tariffs next year. Rising demand for the renewable energy sector is underpinning demand for the red metal over the longer term.

Copper rose 0.5% to \$11,612.50 a ton on the London Metal Exchange as of 12:43 p.m. in Shanghai. Aluminum added 0.3% and zinc gained 0.1%. Iron ore futures fell 0.8% in Singapore to \$101.90 a ton.

Copper Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	11,570	R1	11,647	11,621.5	RSI above 50	
S2	11,531	R2	11,771			
S3	11,458	R3	11,848			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- The RSI is above 50 (58)
- Stochastic is above 50
- Price is above the daily pivot point USD 11,570
- Technically bullish yesterday, the MA on the RSI indicated that we had light momentum weakness. Price was holding in the EMA support band; we noted that if we traded above the USD 11,656 level, then the USD 11,771 fractal high could become vulnerable. However, we remained cautious on upside breakouts, as price would become divergent with the RSI. If we rejected the USD 11,656 level, then the correction would start to become more complex. We continued to highlight USD 11,357 as the key support to follow, whilst above this level resistance remained vulnerable, if broken, then the probability of price trading to a new high would start to decrease. We highlighted that we had light volume support off the EMA band previously, indicating market buyers were still defending the technical at that point, making USD 11,656 a key focal point to the upside. We continued to be cautious on upside moves, if price traded to a new high, then it would signal that there had been an Elliott wave extension on the cycle that started on the 02/12.
- The futures traded above the USD 11,656 resistance yesterday, we remain 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 11,570 with the RSI at or above 59.5 will mean price and momentum are aligned to the buyside; likewise, a close below this level with the RSI at or below 55 will mean it is aligned to the sell side. Downside moves that hold at or above USD 11,357 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the move above USD 11,656 is warning that the USD 11,771 fractal high is now vulnerable. However, as highlighted previously, a new high will create a negative divergence with the RSI. Not a sell signal, it is a warning that we could see a momentum slowdown, which needs to be monitored. Buyside pressure is increasing based on the move above key resistance, but we continue to be cautious on upside breakouts due to the divergence. Downside moves below USD 11,357 will mean that the probability of the futures trading to a new high will start to decrease.

Aluminium Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,872		RSI below 50
S2	R2			
S3	R3			

Source Bloomberg

Synopsis - Intraday

- Price is between the EMA support band (Black EMA's)
- RSI is below 50 (49)
- Stochastic is below 50
- Price is above the daily pivot point USD 2,866
- Technically bullish yesterday, the MA on the RSI implied that we had light momentum weakness. However, the move lower yesterday held the intraday 200-period MA with price finding high volume bid support, indicating market bulls were defending the average. Key support remained unchanged at USD 2,821; corrective moves that held at or above this level would indicate that there was a larger bull cycle in play. Conversely, if broken, it would suggest that there was a larger W, X, Y corrective pattern in play. We noted that until the technical told me otherwise, I still interpreted the wave cycle as bullish, making USD 2,821 an important level to follow. However, I stressed that the W, X, Y pattern was still a possibility at that point.
- The futures traded to a low of USD 2,846.5 before finding light bid support off the 200-period MA for a second time (USD 2,850). We are between the EMA support band with the RSI near-neutral at 49, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 2,866 with the RSI at or below 45.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 2,821 will support a bull argument, below this level the technical will be back in bearish territory.
- Technically bullish but in a corrective phase, the MA on the RSI is now flat, indicating momentum is neutral. The upside move on the open is failing to hold above the linear regression line (USD 2,882), warning the 200-period MA could come back under pressure. A close that holds above the linear regression line that also breaches the USD 2,893 resistance will indicate that buyside pressure is increasing. As highlighted previously, our Elliott wave analysis does suggest that downside moves should be considered as countertrend, making USD 2,821 the key support to follow. If broken, then the probability of price trading to a new high will start to decrease. Market bulls need to see price above the linear regression line.

Zinc Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	3,088	R1	3,131	3,088	Stochastic oversold	
S2	3,070	R2	3,156			
S3	3,058	R3	3,189			

Synopsis - Intraday

Source Bloomberg

- Price is between the EMA support band (Black EMA's)
- RSI is at 50 (50)
- Stochastic is below 50
- Price is above the daily pivot point USD 3,088
- Technically bullish yesterday, the futures remained in a corrective phase with the MA on the RSI implying that we had light momentum weakness. Our Elliott wave analysis suggested that downside moves should in theory be countertrend, making USD 3,070 the key support to follow. If broken, then the probability of price trading to a new high would start to decrease, bringing into question our wave analysis.
- The futures traded to a low of USD 3,072.5 before finding light bid support. We are between the EMA support band with the RSI neutral at 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle above USD 3,088 with the RSI at or above 55 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 3,070 will support a bull argument, below this level the technical will have a neutral bias.
- Unchanged on the technical this morning. We remain bullish but in a corrective phase with the MA on the RSI implying that we have light momentum weakness. Our Elliott wave analysis continues to suggest that downside moves should in theory be countertrend, making USD 3,070 the key support to follow. If broken, then the probability of price trading to a new high will start to decrease, bringing into question our wave analysis.