Base Morning Technical Report

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(Bloomberg) -- Copper edged lower as investors turned cautious ahead of US data that will be scrutinized for signs of where interest rates are headed.

Three-month futures fell below $11,600 a ton in London, after gaining more than 1% on Monday. The jobs report due later Tuesday is expected to show a sluggish labor market, potentially aiding the case for looser monetary policy. Still, stocks and other risks assets weakened ahead of the release.

Copper has rallied by about a third this year, with prices setting a series of records and on course for their strongest annual showing since 2009. The surge has been underpinned by supply snarls at some of the world's biggest mines, as well as expectations that the Trump administration may impose a tariff on refined metal. The sustained trade concerns have drawn copper inventories into the world's biggest economy, tightening conditions elsewhere.

Copper Morning Technical (4-hour)

Support		Resistance		Current Price	Bull	Bear
S1	11,545	R1	11,695	11,591.5		
S2	11,434	R2	11,781			
S3	11,294	R3	11,975			

Synopsis - Intraday

Source Bloomberg

- Price is between the EMA support band (Black EMA's)
- The RSI is above 50 (50)
- Stochastic is below 50
- Price is below the daily pivot point USD 11,695
- Technically bullish with a neutral bias yesterday, we noted that the probability of the futures trading to a new high had started to decrease, warning the lower timeframe Elliott wave extension had a greater chance of failing. The downside move had resulted in price closing below the low of the last dominant 4-hour candle (USD 11,669), we also noted that the downside move had been on a higher volume candle, implying sell side pressure had increased. If we traded above USD 11,781 then the technical would be back in bull territory; however, unless we closed above the high of the last dominant bear candle (USD 11,909.5), market bulls would need to be cautious, especially as price would be divergent above USD 11,952.
- The futures traded to a high of USD 11,890.5 yesterday, however the move failed to close above the USD 11.909.5 high of the dominant bear candle, resulting in price selling back below the 11,610 Fibonacci support, into the EMA support band. The RSI is neutral at 50 with intraday price and momentum aligned to the sell side.
- A close on the 4-hour candle above USD 11,695 with the RSI at or above 59.5 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 11,781 will leave the futures vulnerable to further tests to the downside, above this level the technical will be back in bullish territory. Note, the resistance remains in play as price sold back below the USD 11,610 support.
- Technically bullish with a neutral bias, the MA on the RSI implies that we have light momentum weakness. The upside moves failed to hold yesterday, resulting in a bearish rejection candle on above average volume, suggesting selling pressure at higher levels, warning the lower timeframe Elliott wave cycle has a higher chance of failing. A close below the low of the high volume dominant bear candle (USD 11,541.5) will warn that the USD 11,434 fractal low could be tested and broken; if it is, then the technical will be bearish. Conversely, a close above the high of this candle (USD 11,909.5) will indicate buyside pressure is increasing, leaving the USD 11,952 fractal high vulnerable. As highlighted yesterday, we continue to have a note of caution on upside breakouts, as price will be potentially divergent with the RSI.

Aluminium Morning Technical (4-hour)

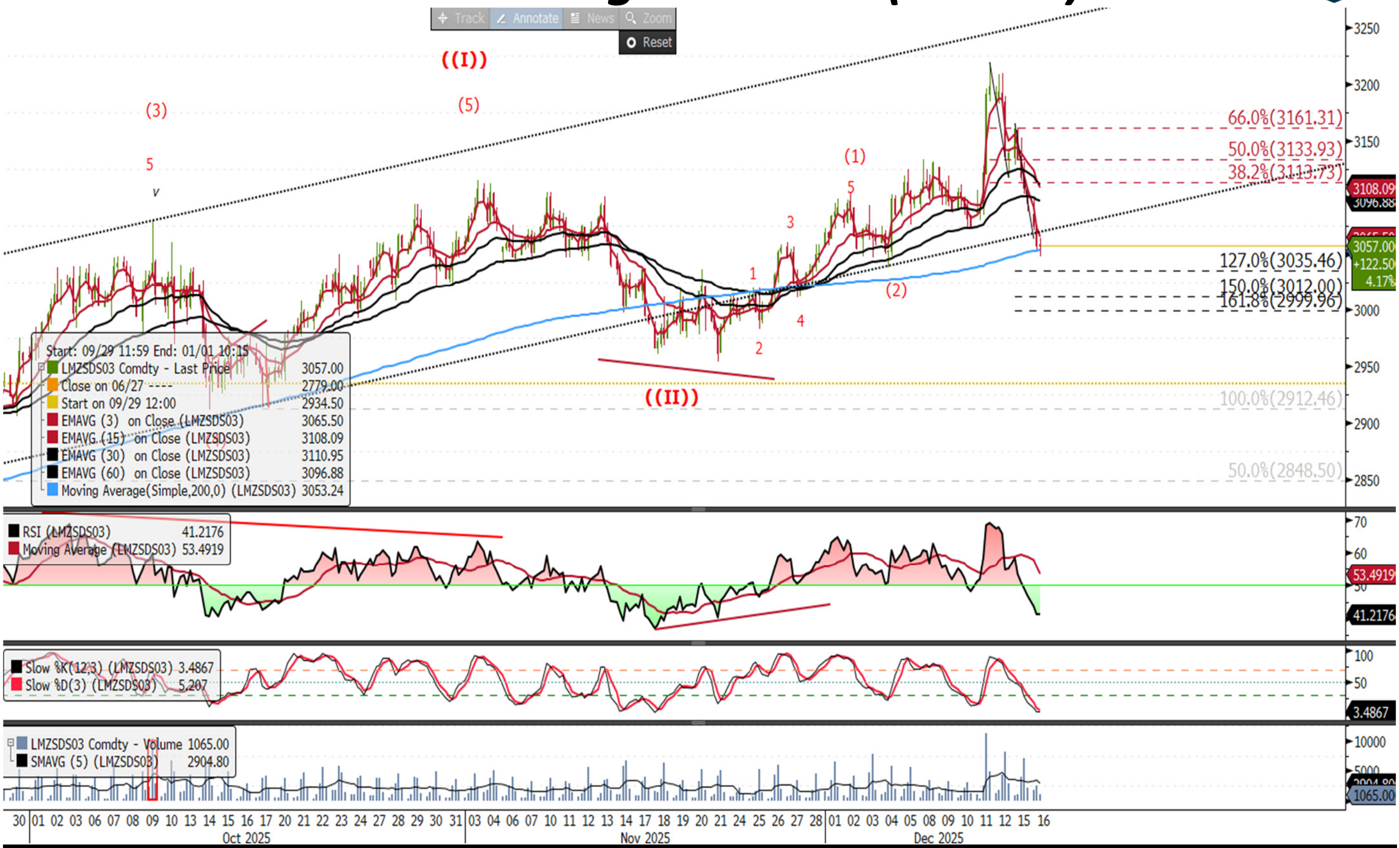
Support		Resistance		Current Price	Bull	Bear
S1	2,856	R1	2,888	2,878		
S2	2,845	R2	2,899			
S3	2,821	R3	2,921			

Source Bloomberg

Synopsis - Intraday

- 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 2,871
- Bullish but in a corrective phase yesterday, the futures have sold lower having rejected the linear regression line, resulting in a high volume dominant bear candle, warning sell side pressure had increased. We noted that if we closed above the high of the dominant bear candle (USD 2,895.5), it would indicate that market bulls were supporting the technical; however, for upside continuation, the futures will need to close and hold above the linear regression line. Key support was unchanged at USD 2,821, below this level the probability of the futures trading to a new high would start to decrease.
- The futures rejected the linear regression line yesterday, resulting in price selling down to, but holding above the intraday 200-period MA (USD 2,856). Price is between the EMA support band with the RSI neutral at 50, intraday price and momentum are aligned to the sell side, as the previous candle closed below the daily pivot level.
- A close on the 4-hour candle above USD 2,871 with the RSI at or above 53 will mean price and momentum are aligned to the buyside. 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.
- The futures remain bullish but in a corrective phase. A close above the linear regression (USD 2,888) line will imply that buyside pressure is increasing; however, for upside continuation we will also need to close above the high of the last dominant bear candle (USD 2,895.5). Conversely, a close that holds below the 200-period MA will warn that the USD 2,821 Fibonacci support could be tested and broken. If it is, then the probability of price trading to a new high will start to decrease. We are seeing bull support on the open, but need a close above USD 2,895.5 for upside continuation.

Zinc Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	3,053	R1	3,113	3,057	Stochastic oversold	RSI below 50
S2	3,035	R2	3,115			
S3	3,012	R3	3,133			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (40)
- Stochastic is oversold
- Price is below the daily pivot point USD 3,115
- Technically bullish but in a corrective phase yesterday, our Elliott wave analysis continued to warn that downside moves should be considered as countertrend. A close below the low of the high volume dominant bull candle (USD 3,120.5) would indicate that sell side pressure was increasing, warning the USD 3,100 Fibonacci support could come under pressure. If broken, then the probability of the futures trading to a new high would start to decrease.
- The futures closed below the USD 3,120.5 level yesterday, resulting in price trading below the USD 3,100 and Fibonacci support, meaning the technical is now bearish. 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 3,115 with the RSI at or above55.5 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 3,161 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 weak. The close below the low of the last dominant bull candle suggests market longs have exited their positions, resulting in price testing the intraday 200-period MA (USD 3,053). A close that holds below the average will weaken the technical further. The bullish Elliott wave cycle has failed, even if the cycle had produced a lower timeframe extension, it still failed. We are bearish, the cycle failure suggests that support levels are vulnerable.