



Base Morning Technical Report

info@freightinvestor.com | freightinvestorservices.com | (+44) 207 090 1120

Cu

(Bloomberg) -- A significant chunk of Chinese copper demand has all but evaporated after the metal's stunning surge to record levels.

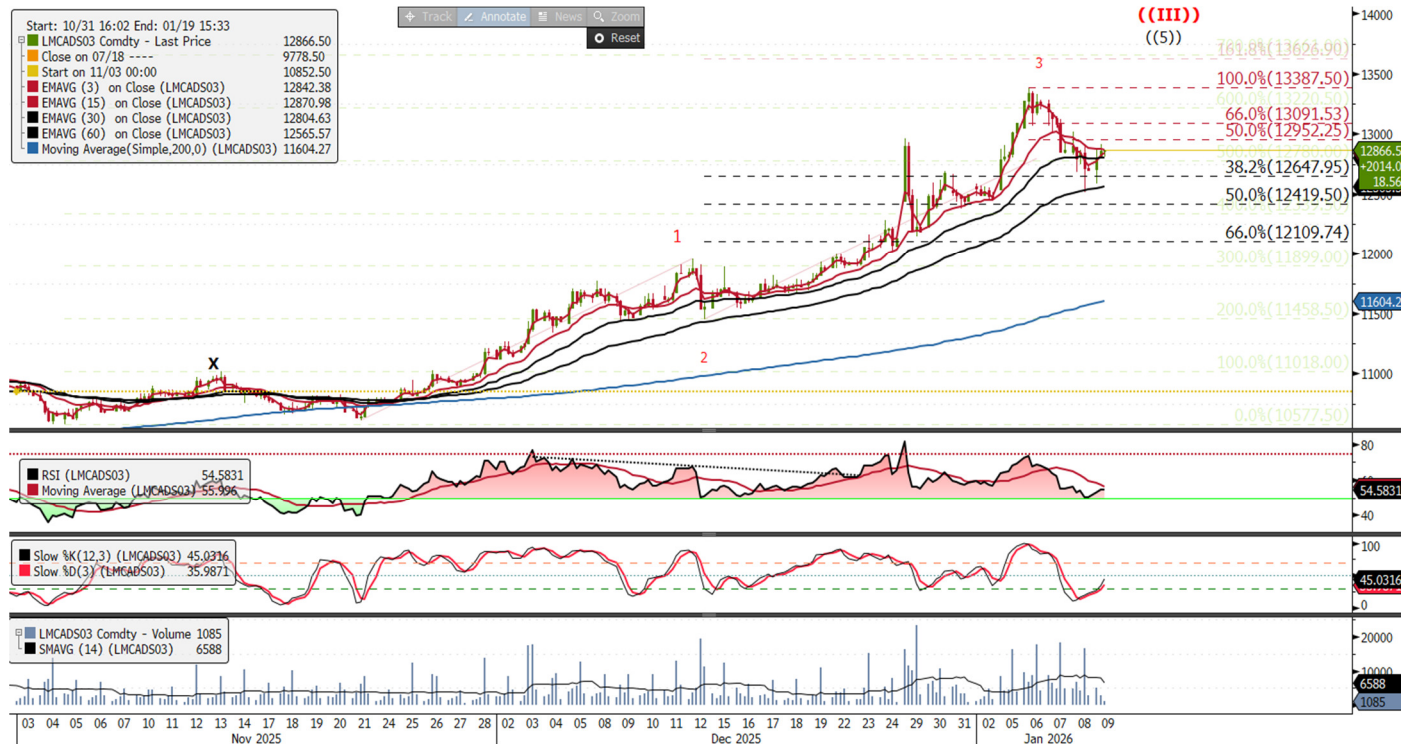
Copper on the London Metal Exchange burst through \$13,000 a ton for the first time this week, extending its rally to nearly 50% over the past year. A cocktail of bullish factors could drive prices even higher over the short term. While real-world buyers typically take time to adjust to such sharp increases, what's notable in this case is the extent to which industrial users in the biggest market are scaling back purchases.

"It is surprising how much price rejection is taking place. The Chinese are just not buying copper, it's true," Kostas Bintas, head of metals at trading giant Mercuria Energy Group Ltd., said in an interview. "But it's finite — at some point you need to buy."

Sluggish physical demand contrasts with the speculative frenzy lifting futures markets, where deep-pocketed funds are responding to tighter global supply, favorable interest rates and an impulse to hedge geopolitical turmoil by stockpiling commodities. The copper contract in Shanghai, which accounts for import costs, topped 100,000 yuan a ton (\$14,300) for the first time at the end of December.

Chinese industry, though, accounts for half of global copper demand. The fabricators that shape the metal — into wires, sheets and pipes for power cables, circuit boards and plumbing systems — are struggling to pass on their higher costs to factories. As inventories build, the smelters that refine copper in the first instance are trying to export their surplus.

Copper Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	12,866.5	RSI above 50	
S2	R2			
S3	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- The RSI is above 50 (54)
- Stochastic is below 50
- Price is above the daily pivot point USD 12,751
- Technically bullish yesterday, the MA on the RSI implied that we had light momentum weakness. The futures had entered a corrective Elliott wave 4; wave analysis suggests that this move should be countertrend, making USD 12,109 the key support. Below this level the probability of the futures trading to a new high would start to decrease, warning that there was an increased probability of the bullish wave cycle failing. Price was in the EMA support band whilst approaching the Fibonacci support zone, warning we could see sell side momentum start to slow. We noted that a corrective wave 4 had a tendency to terminate between the 38.2% - 50% area of the previous bull wave (USD 12,647—USD 12,419), making this an area of interest for market buyer's. Market sellers should be cautious on a close above the last high volume dominant bear candle USD (13,123.5), as it would indicate that buyside pressure was increasing.
- The futures traded to a low of USD 12,817 before finding bid support. We are above the EMA support band with the RSI above 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle above USD 12,751 with the RSI at or above 58 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 12,109 will support a bull argument, below this level the technical will have a neutral bias.
- Technical outlook—Bullish but in a corrective phase. The recent corrective move lower has found intraday support within its EMA band; however, the moving average on the RSI continues to signal momentum weakness. Key resistance is at USD 13,091. A rejection of this level would suggest the potential for further downside tests within the corrective phase. Conversely, a move above USD 13,091 would reduce the probability of additional selling pressure and warn that the market may be entering the early stages of a bullish impulse, Elliott wave 5, on the lower timeframe cycle. On the downside, a break below USD 12,109 would imply the pullback has become deeper in nature, shifting the technical outlook to a neutral bias and suggesting that selling pressure is becoming more dominant.

Aluminium Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	3,080	R1	3,141.5	3,134.5	RSI above 50	
S2	3,040	R2	3,155			
S3	3,007	R3	2,173			

Source Bloomberg

Synopsis - Intraday

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (69)
- Stochastic is above 50
- Price is above the daily pivot point USD 3,080
- Technically bullish but in a corrective phase yesterday, the MA on the RSI implied that momentum was weakening. Elliott wave analysis suggested that downside moves should be considered as countertrend, making USD 3,007 the key support to follow; if broken, then the probability of price trading to a new high would start to decrease. Conversely, a rejection of the USD 3,110 level would warn that there was further downside within the corrective phase, whilst above this level would imply that we could be entering into a lower timeframe bullish Elliott wave 5. A close above the high of the last high volume dominant bear candle (USD 3,120.5) would indicate that buyside pressure is increasing, suggesting the USD 3,141.5 fractal high would be tested and broken.
- The futures closed above the USD 3,120.5 level with the USD 3,141.5 fractal high now under pressure. 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 3,080 with the RSI at or below 63.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 3,007 will support a bull argument, below this level the technical will have a neutral bias.
- Technical outlook—Bullish. The close above the high of the last dominant bearish candle suggests the market has entered a lower-timeframe bullish impulse, Elliott Wave 5, which would be confirmed on a move above USD 3,141.5. Fibonacci projection levels indicate a potential upside target at USD 3,191 within this phase of the cycle. However, a breakout above USD 3,141.5 would also trigger a negative RSI divergence. While this divergence is not a sell signal, it does warn that buy-side momentum may begin to weaken, and should therefore be closely monitored. Note: The structure suggests price is currently in Wave 5 of a higher-timeframe Elliott Wave 3, implying that any downside moves should continue to be viewed as counter-trend corrections rather than trend reversals.

Zinc Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	3,145	Stochastic oversold	RSI below 50
S2	R2			
S3	R3			

Synopsis - Intraday

Source Bloomberg

- Price is between the EMA resistance band (Black EMA's)
- RSI is below 50 (47)
- Stochastic is oversold
- Price is below the daily pivot point USD 3,148
- Technically bullish but in a corrective phase yesterday, the MA on the RSI implied that momentum was weakening; however, Elliott wave analysis suggested that downside moves should be considered as countertrend, making USD 3,112 the key support to follow. Below this level the probability of the futures trading to a new high would start to decrease. Upside moves that failed at or below USD 3,228 would warn that there could be further downside with the corrective phase; conversely, a close above the level would also put price above the high of the last high volume dominant bear candle (USD 3,220.5), indicating the USD 3,268 fractal high could be tested and broken.
- The futures continued to come under pressure with price trading to a low of USD 3,123 before seeing light intraday bid support. We are between 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 3,148 with the RSI at or above 55 will mean price and momentum are aligned to the buy-side. Downside moves that hold at or above USD 3,112 will support a bull argument, below this level the technical will have a neutral bias.
- The recent corrective move lower has resulted in the RSI moving average continuing to signal intraday momentum weakness, warning that USD 3,112 support is vulnerable. A break below USD 3,112 would confirm a deep pullback, reducing the probability of the futures trading to a new high and increasing the risk that the broader bullish Elliott Wave cycle could fail. On the upside, USD 3,218 is highlighted as the key resistance level. A rejection at this level would warn of further technical weakness, while a sustained move above USD 3,218 would signal increasing intraday buy-side pressure, suggesting the market may be entering a lower-timeframe bullish impulse, Elliott Wave 5.