Base Morning Technical Report

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(Bloomberg) -- Copper pared gains after surging near a record high aided by a weaker dollar and supply concerns.

Benchmark futures on the London Metal Exchange rose as much as 2.5% to $13,323 a ton in London before giving up some of the advance. Comex copper pared gains after rallying to more than $6 a pound earlier. Other base metals on the LME also saw a pullback after a broad rally that sent aluminum and tin to the highest since 2022.

Market volatility and the reweighting of a benchmark commodity index contributed to some of the pullback across the metals, according to Ewa Manthey, commodities strategist at ING Groep NV, adding that underlying fundamentals remain unchanged for metals as a whole as they are powering higher early in the year with tight supply and robust demand expectations.

Copper currently makes up 6.43% of the Bloomberg Commodities Index, a widely tracked benchmark for a basket of commodities. That compares with a 2026 target weighting at 6.36%, meaning that some copper holdings will have to be sold in the 5-day roll period that started last Thursday. It’s a similar situation in aluminum and nickel.

Copper has gained more than 20% since mid-November on bets that a flow of metal to the US — ahead of the Trump administration’s decision on import tariffs — will leave the rest of the world short of supply.

At the same time, prices have been bolstered by global mine disruptions in recent months that heightened worries over supply not keeping up with demand for the metal that’s key for the world’s electrification.

Investors are also grappling with the implications of the US Justice Department threatening the Federal Reserve with a criminal indictment, which Chair Jerome Powell said was part of a campaign by the Trump administration to influence interest-rate decisions. The dollar fell, boosting commodities.

Copper Morning Technical (4-hour)

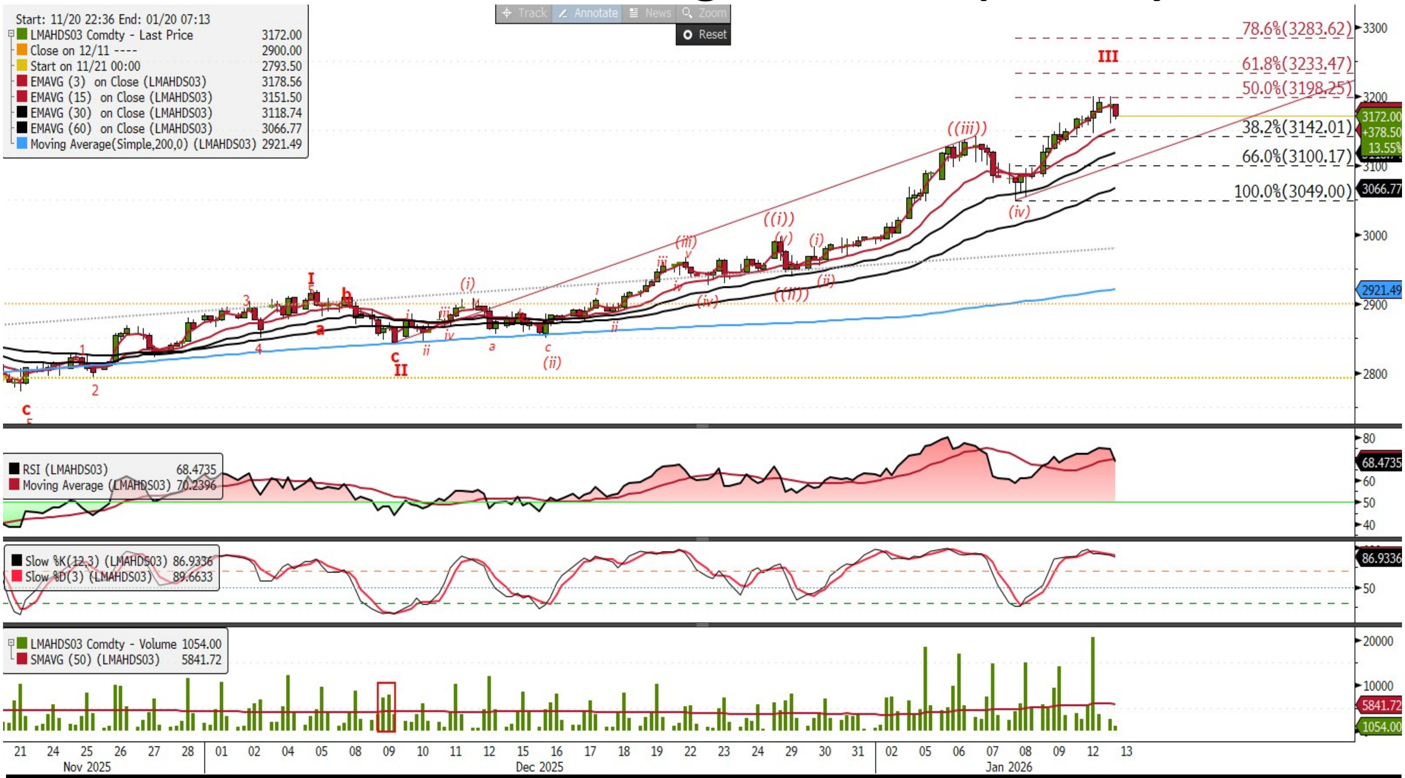
Support		Resistance		Current Price	Bull	Bear
S1	12,534	R1	13,174	13,116.5	RSI above 50	Stochastic overbought
S2	12,336	R2	13,270			
S3	12,150	R3	13,387.5			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- The RSI is above 50 (58)
- Stochastic is overbought
- Price is below the daily pivot point USD 13,174
- Technical outlook—Bullish. We noted yesterday that Friday's rally breached the USD 13,091 resistance, strengthening the technical outlook, indicating we could be in the early stages of a bullish impulse Elliott wave 5. The RSI had crossed its moving average which was starting to turn higher, implying we had light momentum support. If we traded above USD 13,387.5 it would confirm that we have entered the wave 5 scenario; once confirmed, Fibonacci projection levels implied that we could trade as high as USD 13,726 within this phase of the cycle. On the downside, key support was at USD 12,150, a break below this level would indicate technical weakness, shifting the technical outlook to a neutral bias and suggesting that selling pressure was becoming more dominant.
- The futures remain supported with price above all key moving averages while the RSI is above 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle below USD 13,174 with the RSI at or below 56 will mean price and momentum are aligned to the sell side; likewise, a close above this level will mean it is aligned to the buyside. Downside moves that hold at or above USD 12,150 will support a bull argument, below this level the technical will have a neutral bias.
- Technical outlook—cautious Bull. The futures are consolidating near their highs with the RSI moving average indicating underlying momentum support; however, the prior session closed below the daily pivot level, suggesting price and momentum are currently at equilibrium. Elliott wave analysis indicates that the market may be in the early stages of a bullish impulse wave 5, if we trade above USD 13,387.5 it would confirm that we have entered a wave 5 scenario. Upon confirmation, Fibonacci projection levels indicate we could potentially trade as high as USD 13,726 within this phase of a cycle. A breakout above USD 13,726 will create a negative divergence with the RSI. While this is not a sell signal, it implies that buy-side momentum could slow and should therefore be closely monitored. Notably, a high-volume candle printed near yesterday's highs, highlighting the presence of sell-side resistance at elevated levels. For an upside breakout to be sustained, both price action and momentum aligned need to be aligned to the buyside to avoid selling pressure associated with the divergence. The technical outlook remains bullish, though the presence of a potential divergence argues for a cautious approach, particularly on upside extensions beyond USD 13,387.5.

Aluminium Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	3,142	R1	3,198	3,172	RSI above 50	Stochastic overbought
S2	3,100	R2	3,233			
S3	3,049	R3	3,283			

Source Bloomberg

Synopsis - Intraday

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (68)
- Stochastic is overbought
- Price is on/below the daily pivot point USD 3,175
- Technical outlook—Cautious bull. We noted yesterday that the rally on Friday confirmed the Elliott wave 3, confirming the negative divergence highlighted last week. The divergence was not a sell signal but it did warn that buy-side momentum may begin to weaken, and should therefore be closely monitored. Countering this, Fibonacci projection levels (revised higher due to the lower timeframe cycle confirming the wave 5) indicated that we had a potential upside target at USD 3,231 within this phase of the cycle. Highlighted previously, the wave structure suggested that price was in a wave 5 of a higher timeframe wave 3, indicating market throwbacks should still be considered as corrective rather than bearish; however, we noted that any throwback on the higher timeframe cycle now had the potential to be deeper than recent corrective moves.
- The futures traded to a high of USD 3,200 before finding sell side resistance. We are above all yey moving averages supported by the RSI above 50, intraday price and momentum are aligned to the buyside, as the previous candle closed above its daily pivot while the RSI was above 50.
- A close on the 4-hour candle below USD 3,175 with the RSI at or below 68 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 3,100 will support a bull argument, below this level the technical will have a neutral bias, suggesting we could be entering a higher timeframe corrective wave 4.
- Technical outlook—Cautious bull. Yesterday's rally encountered sell-side resistance at USD 3,200, marked by a high-volume candle while RSI diverged from price. Although the broader technical bias remains bullish, the presence of divergence at Fibonacci resistance on elevated volume warrants caution, as it raises the risk of a potential exhaustion signal. Corrective pullbacks that hold above USD 3,100 would suggest the presence of underlying demand and continued structural support. A move below USD 3,100 would weaken the technical condition and increase the likelihood that price is transitioning into a higher-timeframe countertrend corrective Elliott Wave 4. Given the emerging warning signs of sell-side pressure at elevated levels, a cautious bullish stance remains appropriate.

Zinc Morning Technical (4-hour)

Support		Resistance		Current Price	Bull	Bear
S1	3,202	R1	3,236	3,208	RSI above 50	Stochastic overbought
S2	3,198	R2	3,268			
S3	3,166	R3	3,298			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA resistance band (Black EMA's)
- RSI is above 50 (56)
- Stochastic is overbought
- Price is above the daily pivot point USD 3,198
- Technical outlook—Bullish but corrective. Following Friday's consolidation the futures opened with light bid support yesterday, the RSI moving average had flattened, indicating that sell side pressure had slowed. A sustained rally that breaches the USD 3,218 resistance would indicate that buyside pressure was increasing and warn that the futures were potentially entering a lower timeframe bullish impulse wave 5 of a higher timeframe wave 3. Market participants should act with caution on a rejection of the USD 3,218 resistance, as it would indicate that we could see further technical weakness, Leaving the USD 3,112 support vulnerable. While there were emerging signs of technical support, they were not yet sufficient to confirm that price had exited its near-term danger zone.
- The futures continued to see buy-side support for the remainder of the session, resulting in price trading to a high of USD 3,252 on the Asian open 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 3,198 with the RSI at or below 50.5 will mean price and momentum are aligned to the sell 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.
- Technical outlook—cautious Bull. Yesterday's rally saw price trade above the USD 3,218 resistance, signalling a pickup in buy-side pressure, while the RSI moving average continues to indicate underlying momentum support. However, today's opening candle has printed a USD 62 range, compared with a 10-period intraday ATR of 33, highlighting elevated volatility and near-term uncertainty. This uncertainty has translated into initial price weakness, making USD 3,166 the key near-term support level to monitor. A break below this level would confirm increasing sell-side pressure and suggest that intraday price action is corrective rather than bullish impulse. From a structural perspective, the move above USD 3,218 maintains a bullish bias. Nevertheless, the volatile and indecisive open warrants caution, as the magnitude of the volatility swing points to a lack of conviction among market participants.