FIS

Base Morning Technical Report

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Metals Sink

(Bloomberg) -- Metals fell at the end of a dramatic week, as news of a Chinese clampdown down on high-frequency trading cooled sentiment after frenzied activity in mainland futures that fueled global price gains.

Regulators have ordered bourses including the Shanghai Futures Exchange — the main metals platform — to remove servers operated by high-frequency traders from their data centers, according to people familiar with the matter. Copper, zinc and aluminum all fell in Shanghai, as well as on the London Metal Exchange, which sets global benchmark prices for the commodities.

Metals markets roared higher earlier this week — with copper and tin notching records in London — amid a broad wave of investor enthusiasm for real assets. As part of that, there has been a big spike in trading volumes on SHFE over the past month amid bullish sentiment across Chinese financial markets.

“High�frequency trading disrupts the rhythm of the market and amplifies price fluctuations,” said Jia Zheng, head of trading at Shanghai Soochow Jiuying Investment Management Co. The latest measures could “lower intraday trading volumes and reduce volatility, but won’t change the market’s fundamental price direction,” she said.

SHFE has told brokers they need to get equipment for high-speed clients out by the end of the month, while other clients need to do so by April 30, the people said. High-frequency traders locate servers as close as possible to exchange data centers to execute trades as quickly as possible to beat rivals.

Regulatory suspicion around high-frequency trading in China is not new and reflects a wider approach by authorities that seeks to manage volatility in futures markets. Officials have threatened to hike fees for high-frequency traders, although so far they haven’t done so.

Metals prices were broadly steadying already on Thursday after powerful gains at the start of 2026. Tin was up 35% year-to-date at one stage this week, while copper surged to a record above $13,000 a ton, meeting bullish expectations. The all-in LMEX Index of six base metals rose just to short of a record on Wednesday.

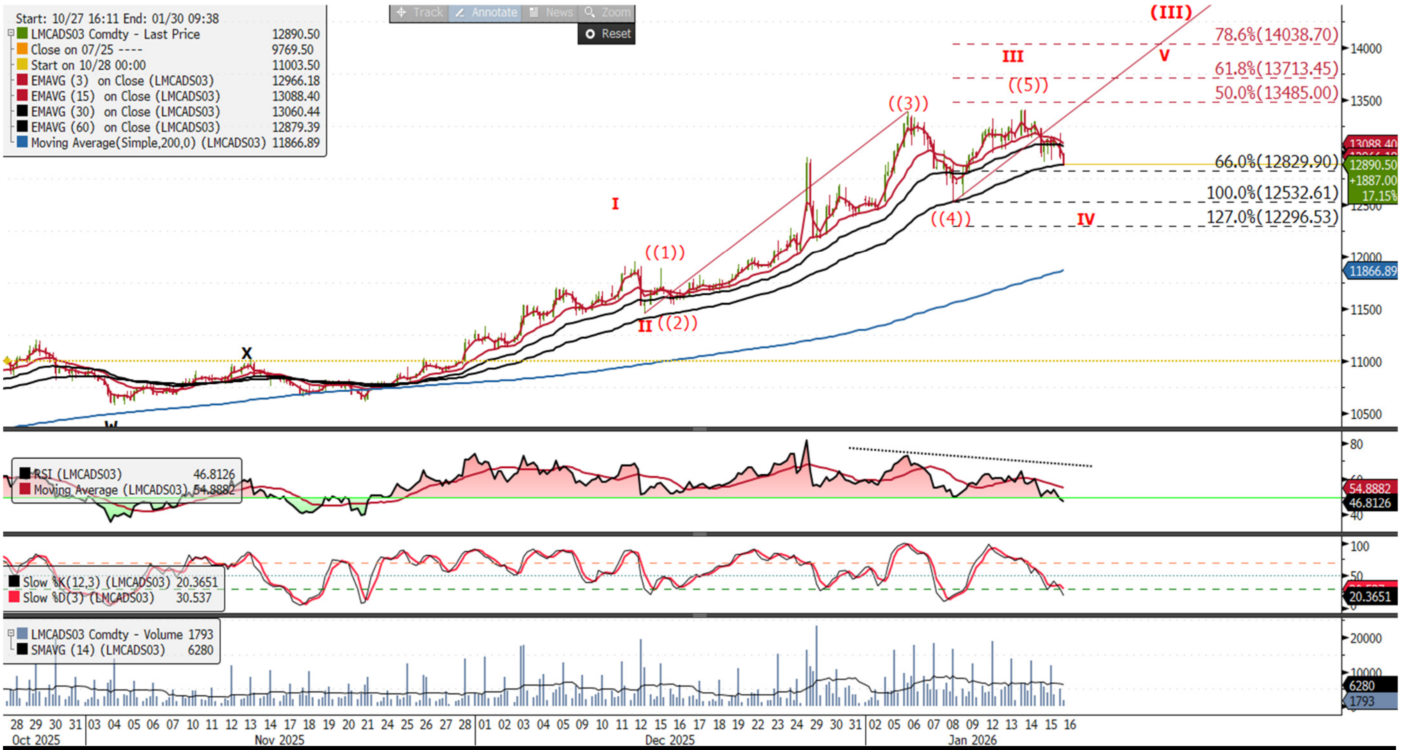
Still, high metals prices risk putting off buyers, and there have already been signs of pushback in the key market of China, where physical demand has been relatively week. Expensive materials can also prompt manufacturers to switch to alternatives, as shown by makers of solar panels trying to substitute silver after its price spike.

For copper, a major uncertainty remains around US import tariffs this year, with the White House due to make a decision by mid-year. Traders have pushed big volumes to the US ahead of any levies, and analysts including Goldman Sachs Group Inc. have said they expect global prices to retreat from elevated levels later this year.

On SHFE, copper closed the morning session down 1.2% to 101,330 yuan ($14,545), after an earlier gain of as much as 0.6%, while tin fell as much as 8.3%. All six main metals on the LME fell, with copper down 1% to $12,978 a ton by 12:59 p.m. Shanghai time, while nickel fell 3% and tin shed 2%.

The move to curtail high-frequency trading affects other platforms, including the Guangzhou Futures Exchange that hosts commodities including lithium, platinum and palladium. Lithium also fell sharply on Friday.

Copper Morning Technical (4-hour)



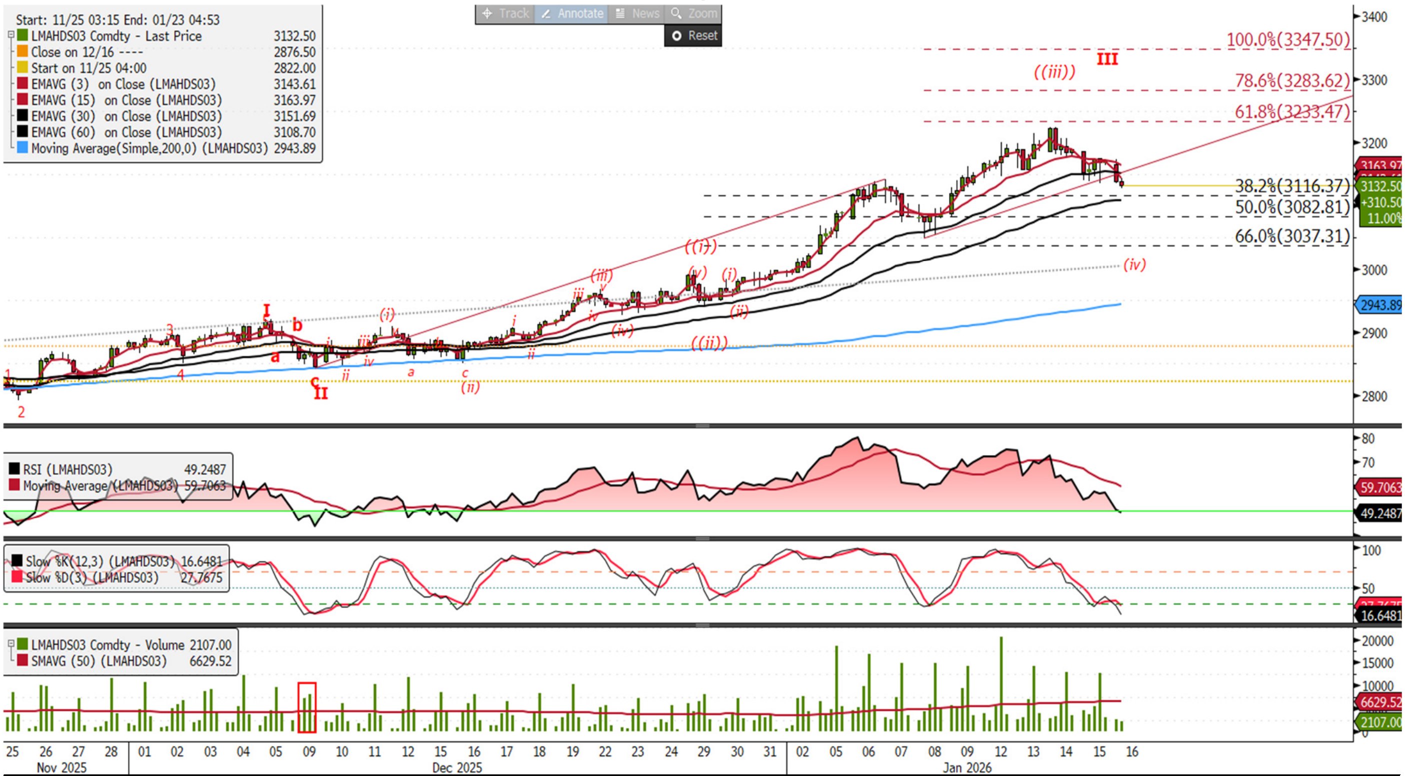
Support		Resistance		Current Price	Bull	Bear
S1	12,829	R1	13,083	12,890		RSI below 50
S2	12,532	R2	13,485			
S3	12,296	R3	13,713			

Synopsis - Intraday

Source Bloomberg

- Price is between the EMA support band (Black EMA's)
- The RSI is below 50 (46)
- Stochastic is below 50
- Price is above the daily pivot point USD 13,083
- Technical outlook (yesterday): Cautious Bull. The recent move lower indicated that price had entered a corrective phase, while the RSI moving average was signaling momentum weakness. With price and momentum becoming aligned to the sell side, the USD 12,829 Fibonacci support was vulnerable. A break below this level would shift the phase of the futures to neutral and provide an early indication that price may be entering a higher-timeframe countertrend corrective Elliott Wave 4. As highlighted previously, any downside moves are still viewed as corrective rather than signaling a broader trend reversal. On the buy side, a hold above the USD 12,829 support—combined with price and momentum realigning to the buy side—would warrant caution for sellers positioned on the divergence. Such a development would warn that a lower-timeframe Elliott wave extension may be unfolding, increasing the risk of further upside. Given the presence of the negative divergence, we continued to maintain a cautious approach at current levels.
- The futures continued to sell lower on the negative divergence. Price is 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 13,083 with the RSI at or above 57 will mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 12,829 will support a bull argument, below this level the technical will have a neutral bias.
- Technical outlook: Bullish but corrective. Continued sell-side pressure in the futures has resulted in a weakening of momentum with the moving average on the RSI turning lower. The lower timeframe Elliott wave cycle is approaching an inflection point at USD 12,829, break below this level would neutralize the cycle will indicate that we may be entering a higher timeframe corrective Elliott wave 4. On the buy-side, a hold above USD 12,829 with price and momentum becoming aligned to the buyside will imply buy-side support has entered the market and warn price is vulnerable to a lower timeframe bullish wave extension. As highlighted previously, any downside moves are still viewed as corrective rather than signaling a broader trend reversal. However, weakening momentum driven by the divergence suggests that the USD 12,829 support could be broken.

Aluminium Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	3,116	R1	3,163	3,132.5	Stochastic oversold	RSI below 50
S2	3,082	R2	3,233			
S3	3,037	R3	3,283			

Source Bloomberg

Synopsis - Intraday

- Price is between the EMA support band (Black EMA's)
- RSI is below 50 (49)
- Stochastic is oversold
- Price is below the daily pivot point USD 3,163
- Technical outlook (yesterday): Bullish Throwback. Sell-side pressure linked to the previous days negative divergence had resulted in a bullish throwback, suggesting price may be in the early stages of a lower-timeframe countertrend Elliott Wave 4. While near-term price action was corrective, the broader technical structure remains bullish. We identified USD 3,037 as the key support level. A move below this level would indicate increasing sell-side pressure and begin to undermine the integrity of the broader trend and Elliott wave structure.
- The futures continues to sell lower with price between the EMA support band. The RSI is near-neutral at 49 with price and momentum aligned to the sell side.
- A close on the 4-hour candle above USD 3,163 with the RSI at or above 62 will mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 3,037 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: Bullish Throwback. Weakening price action driven by the divergence has resulted in the Fibonacci support zone being tested, while the moving average on the RSI implies momentum weakness. As highlighted previously, while near-term price action is corrective, the broader structure remains bullish while price holds above USD 3,037. A move below USD 3,037 would indicate increasing sell-side pressure and undermine the integrity of the broader bullish structure. On the buyside, a close above the high of the last high volume dominant bear candle at USD 3,174 will imply a chang in sentiment, indicating buyside pressure is increasing. On the buy side, a close above the high of the most recent high-volume, dominant bearish candle at USD 3,174 would signal a shift in market sentiment, indicating that buy-side pressure is increasing.

Zinc Morning Technical (4-hour)

Support		Resistance		Current Price	Bull	Bear
S1	3,251	R1	3,309	3,263	RSI above 50	
S2	3,231	R2	3,358			
S3	3,197	R3	3,421			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (64)
- Stochastic is above 50
- Price is above the daily pivot point USD 3,309
- Technical outlook (yesterday): Bullish. The upside move on the Asian open had produced both lower- and higher-timeframe Elliott wave extensions, implying that any downside moves should continue to be viewed as corrective rather than bearish. Price had, however, formed a strong rejection candle at the 100% Fibonacci resistance level at USD 3,358. Technically, this rejection warned of the potential for further intraday selling pressure and raised the risk that the USD 3,251 Fibonacci support could be tested, and possibly broken. A break below USD 3,251 would damage the integrity of the lower-timeframe wave cycle, though it would not invalidate the broader bullish trend. While the rejection candle from resistance could not be ignored, it was important to note that it occurred on lower-than-expected volume, reducing its immediate significance. The lighter volume suggested that, despite the intraday volatility, selling lacked intensity. Confirmation in the form of at least one lower intraday candle close would be required to signal that the lower-timeframe Elliott wave cycle was failing.
- A failed downside attempt yesterday has been followed by lower pricing in the Asian day session; however, we are holding above the USD 3,251 support at this point. We remain above all key moving averages with the RSI above 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 3,309 with the RSI at or above 63 will mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 3,251 will support a bull argument, below this level the technical will have a neutral bias.
- Technical outlook: Bullish corrective. Futures are testing but holding above the USD 3,251 support level, placing the technical at an inflection point. If we hold above this level then the integrity of the lower timeframe Elliott wave cycle will remain intact. A break below USD 3,251 would neutralize the lower-timeframe structure; however, the broader technical outlook would remain bullish, albeit corrective. On the buy side, sellers positioned on the rejection candle should exercise caution if support holds and price and momentum realign to the buy side, as this would signal an increase in buy-side pressure.