FIS

Base Morning Technical Report

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(Bloomberg) -- Copper advanced with other metals as Goldman Sachs Group Inc. saw continued flows of the metal into the US, a key driver behind its powerful price rally.

The industrial commodity has notched a series of record highs since late last year as mines have faltered and a surge in shipments to the US ahead of potential tariffs has tightened supplies elsewhere. Meanwhile, demand is spiking to power the burgeoning artificial-intelligence industry.

The once-in-a-lifetime trading opportunity to ship record volumes to the US was fueled by a rally in copper prices there. While the recent spike in prices on the London Metal Exchange has left US futures trading at a discount, Goldman Sachs expects the flows to continue.

“Our current view is that you have a continuation of a build even with the spread where it is today between COMEX and LME,” as the forward curve still provides an opportunity, Eoin Dinsmore, an analyst with the bank, said at a briefing Wednesday.

Goldman Sachs forecast a 600,000-ton inventory build in the US this year, which splits between 200,000 tons in the first quarter, easing in the second and third quarters and picking up again at the end of the year.

Investors also monitored a jump in the closely watched one-day spread on the LME. On Tuesday, copper contracts expiring Wednesday briefly traded at a $100 premium to those expiring a day later, in a structure known as backwardation that typically signals rising spot demand. The spike in the so-called Tom/next spread was among the largest ever seen in pricing records dating back to 1998. The premium stood at as high as $63 on Wednesday.

Industrial metals also benefited from a surge in gold prices, which rose to a record high as the crisis over Greenland and a meltdown in Japanese government debt supported haven demand. Frenzied investment across multiple metals has stoked gains in recent weeks, and the debasement trade, where investors retreat from traditional financial assets, is also helping.

Copper rose 1.1% to $12,895.50 a ton on the LME as of 7:33 a.m. local time. Aluminum gained 1.1% to $3,141 a ton, while nickel climbed 2.5% to $18,060.

Copper Morning Technical (4-hour)

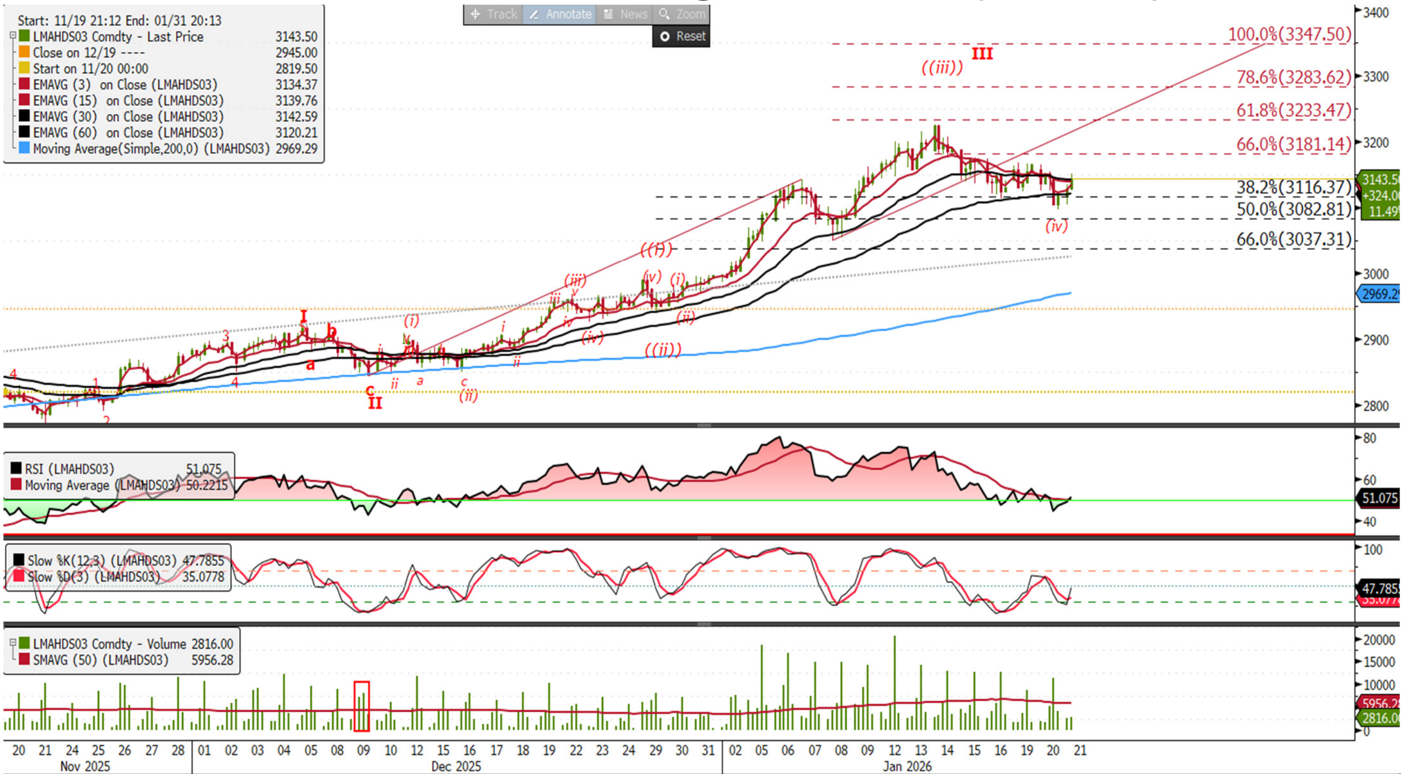
Support		Resistance		Current Price	Bull	Bear
S1	12,829	R1	13,159	12,922.5		RSI below 50
S2	12,807	R2	13,485			
S3	12,532	R3	13,713			

Synopsis - Intraday

Source Bloomberg

- Price is between the EMA support band (Black EMA's)
- The RSI is below 50 (49)
- Stochastic is below 50
- Price is above the daily pivot point USD 12,807
- Technical outlook yesterday: bullish—higher timeframe correction. Price remained in a corrective phase within a broader bullish trend yesterday. The RSI was in the process of crossing its moving average, with the average flattening—suggesting momentum was transitioning toward neutral. USD 13,164 was the key resistance level to monitor. A rejection at this level would indicate the potential for further downside within the corrective phase. Conversely, a break above USD 13,164 would signal that price had re-entered bullish territory. While momentum was shifting towards neutral, upside moves should be treated with caution while price remained below USD 13,164.
- The futures traded to a low of USD 12,680 before finding light bid support. We remain 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 12,936 with the RSI at or below 45.5 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 13,159 will warn that there could be further downside within the corrective phase.
- Technical outlook yesterday: bullish—Caution on further corrections.
- Futures remain in a corrective phase, with volume confirming the dominant bearish candle that traded to a low of USD 12,680. However, warning signs are emerging that sell-side momentum may be slowing. Yesterday's low formed a positive divergence with RSI, suggesting waning downside pressure. While this divergence is not a buy signal in itself, when viewed alongside our Elliott wave analysis—which indicates that further downside should be treated as countertrend—it does warrant caution on additional corrective moves. A close above the high of the most recent high-volume bearish candle at USD 12,940 would signal a pickup in buy-side pressure and increase the likelihood of a test, and potential break, of the USD 13,159 Fibonacci resistance. This level is technically significant, as a move above USD 13,159 would indicate that price has re-entered bullish territory.

Aluminium Morning Technical (4-hour)



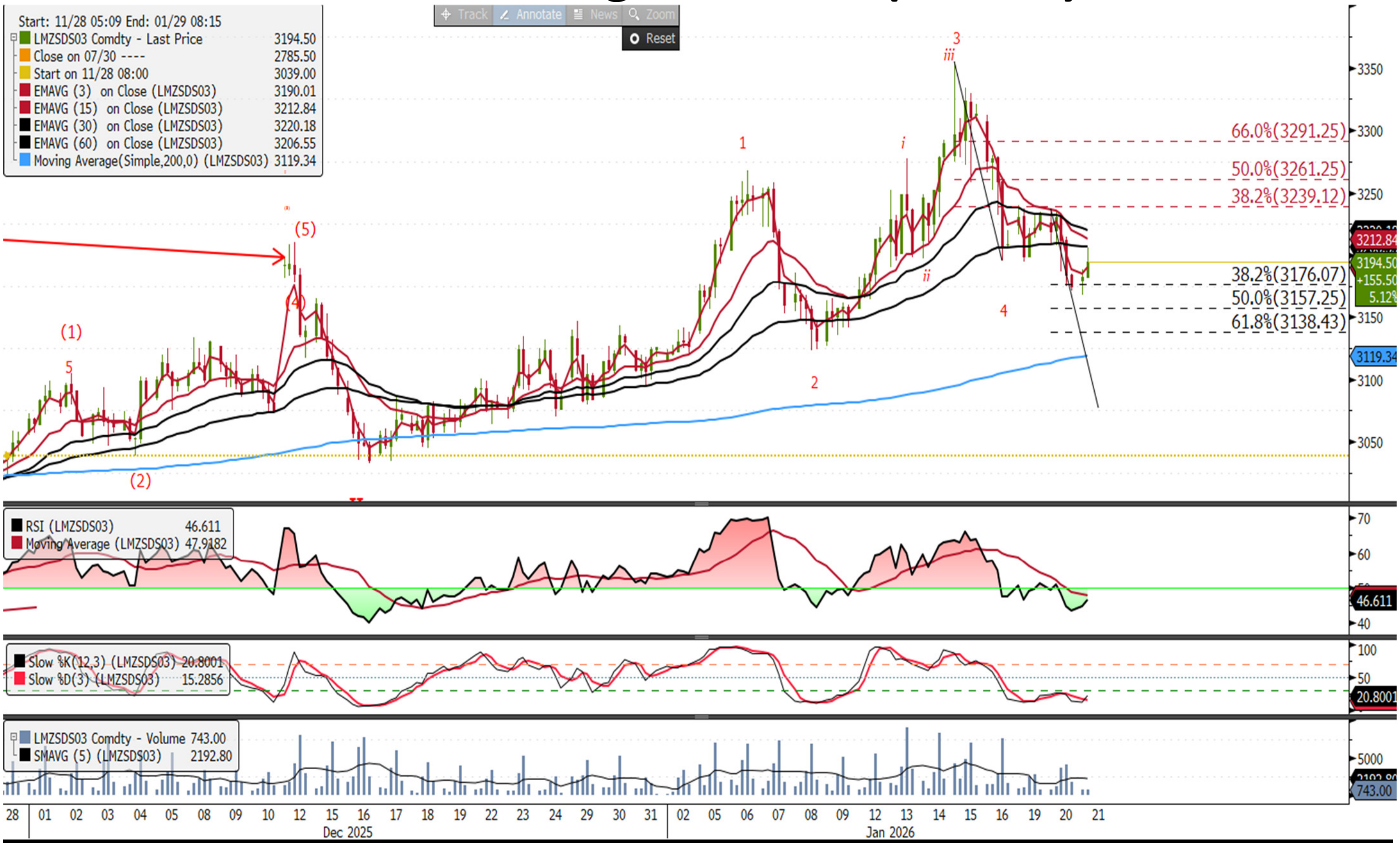
Support		Resistance		Current Price	Bull	Bear
S1	3,122	R1	3,181	3,143.5		
S2	3,116	R2	3,225			
S3	3,082	R3	3,233			

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 below the daily pivot point USD 3,122
- Technical outlook yesterday: Bullish throwback. Futures remained in a corrective phase while the broader structure remained bullish above USD 3,037. The RSI moving average implied momentum continued to remain weak, 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 break above USD 3,186 would indicate buy-side pressure had increased and suggest price was exiting the corrective phase. Conversely, a rejection at USD 3,186 would warn of rising near-term selling pressure.
- The futures traded to a low of USD 3,096 before finding light bid support. We remain between the EMA support band wit the RSI neutral at 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle above USD 3,122 with the RSI at or above 52.5 will mean price and momentum are aligned to the buyside; likewise, a close below this level with the RSI at or below 48 will mean it is aligned to the sell side. 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.
- We now have a corrective three-wave decline, which often precedes a bullish impulse move, warning that USD 3,181 resistance is becoming increasingly vulnerable. A close above the high of the most recent high-volume dominant bear candle at USD 3,146.5 would signal strengthening buy-side pressure and indicate that the USD 3,181 Fibonacci resistance could be tested and potentially broken. A successful breach would suggest that price has re-entered bullish territory. Conversely, rejection at the USD 3,181 level would carry bearish implications and warn that the corrective phase may be evolving into a more complex structure. Given the presence of a three-wave correction, a cautious approach to further corrective moves is warranted at this stage.

Zinc Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	3,176	R1	3,239	3,194.5	Stochastic oversold	RSI below 50
S2	3,157	R2	3,261			
S3	3,138	R3	3,291			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (49)
- Stochastic is oversold
- Price is on the daily pivot point USD 3,193
- Technical Outlook yesterday: neutral. Price was starting to consolidate between the EMA support band while the RSI moving average implies that momentum remained weak. As highlighted yesterday, a close above the high of the last high volume dominant bear candle (USD 3,206.5) would signal increasing intraday buyside pressure, while a break above USD 3,300 would mark a re-entry into bullish territory. We maintain a neutral bias as the pullback has been deeper than expected; however, the high volume sell candle and deep pullback do suggest caution on higher moves at this point.
- The futures sold to a low of USD 3,167.5, meaning the technical has entered bearish territory. We are below all key moving averages with the RSI below 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 3,193 with the RSI at or above 50 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 3,291 will leave the futures vulnerable to further tests to the downside, above this level price will re-enter bullish territory.
- Technical Outlook: Cautious bear.
- Momentum remains bearish, with the RSI moving average indicating weakness. However, technical signals are emerging that warrant caution on further downside at these levels. Yesterday's decline has formed a three-wave corrective structure, a pattern that can precede a bullish move. Notably, the sell-off occurred on reduced volume, suggesting a lack of conviction. From a technical perspective, price appears vulnerable to an intraday upside move, making USD 3,239 the key level to monitor. A rejection at this level would signal that the correction is becoming structurally more complex and warn that price remains vulnerable to further bearish impulse moves. Conversely, a break above USD 3,239 would represent a deep retracement of the recent bearish leg, reducing the probability of price making a new low.