



Base Morning Technical Report

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Copper

(Bloomberg) -- Copper and aluminum held gains as a rally, which had been supercharged by Chinese buying, stalled while the country approached a major holiday period.

The industrial metals were steady following gains in the previous two sessions, when a slump in the dollar offset softening demand in China, the world's largest metal consumer.

Copper had been rising with industrial and precious metals as investors piled into commodities amid doubts over the US dollar and a shift away from currencies and sovereign bonds. The rally saw a further boost in January, thanks to a wave of buying from Chinese investors that are now easing off as the Lunar New Year holiday approaches.

Read More: [Why the US Has Amassed a Giant Stockpile of Copper: QuickTake](#)

Copper was down 0.2% at \$13,152.50 a ton on the London Metal Exchange as of 10:55 a.m. in Shanghai. Prices hit a record high of \$14,527.50 on Jan. 29. Aluminum was down 0.3% to \$3,115 a ton.

Copper Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	12,978	R1	13,126	13,078.5		Stochastic overbought
S2	12,718	R2	13,471			
S3	12,683	R3	13,809			

Synopsis - Intraday

Source Bloomberg

- Price is on the EMA support band (Black EMA's)
- The RSI is at 50 (50)
- Stochastic is overbought
- Price is below the daily pivot point USD 13,126
- Technical outlook Monday : Bearish, signs of neutrality. We noted yesterday that on the basis that price remained below the USD 13,809 resistance while having failed to trade below the USD 12,414.5 fractal support, the broader technical bias remains bearish. However, there were growing signs of neutrality. Price was trading within/on the EMA band, which had flattened, suggesting a lack of clear directional bias. Momentum indicators also reflected this indecision, with the RSI holding at neutral levels around 50 and its moving average remaining flat. Near-term price action was neutral. As observed last week, intraday upside moves continued to lack volume confirmation, which warranted caution on further upside attempts.
- The futures traded to a high of USD 13228 before giving back yesterday's small gains on the Asian open. Price is back trading on the EMA support band with the RSI still neutral at 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle below USD 13,126 with the RSI at or below 46 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 11,940 will support a bull argument, below this level the technical will have a neutral bias.
- Technical outlook: Bearish
- The RSI moving average implies that we now have light momentum support; however, volume remains light on the recent move higher, indicating a lack of conviction, suggesting market buyer's should act with caution at this point. The EMA band remains flat, implying we lack directional bias, while the RSI at 50 is neutral. Technically, we continue to see signs of neutrality, while light volume indicates caution on upside moves.

Aluminium Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	3,110.5	RSI above 50	Stochastic overbought
S2	R2			
S3	R3			

Source Bloomberg

Synopsis - Intraday

- Price is between the EMA resistance band (Black EMA's)
- RSI is above 50 (51)
- Stochastic is overbought
- Price is below the daily pivot point USD 3,113
- Technical outlook Monday: Cautious Bear—evidence of support is leaving resistance vulnerable. Having moved higher on the bull support candles previously the futures were trading back above the intraday 200-period MA at USD 3,060 yesterday. The upside move had witnessed an increase in volume support; however, at this point we remained within the EMA resistance band with the RSI below 50. The RSI moving average did imply momentum support while price and momentum were aligned to the buyside; if the futures held above the daily pivot level it will leave the USD 3,134 fractal resistance vulnerable. A sustained close above USD 3,134 would target the USD 3,227 Fibonacci resistance. We identify USD 3,227 as a key level to monitor, a rejection here would imply the corrective phase has the potential to become more complex, while a sustained move above this level would suggest we were entering a higher timeframe bullish impulse Elliott wave 5.
- Price traded above the USD 3,136 fractal resistance yesterday; however, bids have faded a little on the Asian open. WE are back trading within the EMA resistance band with the RSI above 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle below USD 3,113 with the RSI at or below 44 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 2,821 will support a bull argument, below this level the technical will have a neutral bias.
- Technical outlook: Cautious bear—evidence of support is leaving resistance vulnerable.
- Unchanged on the technical this morning, we continue to be cautious on downside moves as there is evidence of buyside support emerging. The RSI moving average implies momentum support, while the stochastic is above 70, confirming buyside pressure is increasing. The small upside move yesterday did have volume support; a close below the low of the last dominant bull candle at USD 3,091 will warn that buy-side pressure is fading. Conversely, if price moves and holds back above USD 3,134 level it will warn that the USD 3,227 resistance could come under pressure.

Zinc Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	3,367.5	RSI above 50	Stochastic overbought
S2	R2			
S3	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (54)
- Stochastic is overbought
- Price is above the daily pivot point USD 3,363
- Technical outlook Monday. Resistance becoming vulnerable. The upside move in the futures previously resulted in an intraday three white soldiers pattern, while the MA on the RSI implied that momentum was supported. The price pattern and momentum indicators warn that resistance was becoming vulnerable, providing price and momentum remain aligned to the buyside. The symmetrical breakout failure to the downside also warns of support at lower levels. If price and momentum started to conflict, the intraday technical would be considered as neutral.
- The futures traded to a high of USD 3,386.5 on the Asian open before seeing a slight pullback in price. 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 3,363 with the RSI at or below 50 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below the USD 3,460 will leave the futures vulnerable to further tests to the downside, above this level the Elliott wave cycle will re-enter bullish territory.
- Technical outlook. Resistance remains vulnerable, but lacks volume support
- The RSI moving average implies momentum support, as does the intraday 3-white candle pattern, the stochastic is now above 70, confirming the RSI support. However, the upside move lacks volume support, suggesting caution on moves higher unless there is an increase, we also note that above USD 3,387.5 the futures will have a minor divergence in play with the RSI. Not a sell signal, if the RSI fails to make a new high alongside price, it will signal momentum weakness. Momentum is supported; however, there are warning signals on this technical, as highlighted yesterday, if price and momentum start to conflict, we will have a neutral bias.