



Base Morning Technical Report

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(Bloomberg) -- Copper fell as investors waited for demand from industrial users in top buyer China to rebound after the Lunar New Year break.

Futures on the London Metal Exchange were down 0.4% in early Asian trading. That halted a two-day rally that had been aided by Chinese investors who cheered US President Donald Trump's new 10% global tariffs, which effectively lowered the duty on goods shipped to the US from the Asian nation.

"Industrial metals are now lacking fresh bullish drivers," said Aces Zhou, a trader with KS Commodities Ltd. However, many Chinese fabricators would only restart early next month, he added.

The buildup of copper inventories in China was also greater than usual during the holiday period. Stockpiles in warehouses linked to global exchanges are also rising in a sign of tepid physical demand after prices surged to a record high in late January, supported by shifts in US trade policies and mine disruptions.

Copper fell as much as 0.8% to \$13,212.50 as of 10:47 a.m. in Shanghai. Other base metals also declined, with nickel down 1.2% to \$17,860 a ton.

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	13,290	R1	13,314	RSI above 50	Stochastic overbought
S2	13,033	R2	13,471		
S3	13,008	R3	13,809		

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA resistance band (Black EMA's)
- The RSI is above 50 (60)
- Stochastic is overbought
- Price is above the daily pivot point USD 13,290
- Technical Outlook Wednesday: Minor divergence on the 1-hour timeframe.
- Buy-side pressure was increasing yesterday with price trading above the channel resistance line, the RSI alongside price implied momentum confirmation, warning resistance was becoming vulnerable. However, the upside move to a new high meant that we had a negative divergence on the 1-hour timeframe that needed to be monitored, as it warning price was vulnerable to an intraday throwback. A close back below channel support at USD 13,244 would indicate buy-side pressure had eased, while a close below USD 12,963 would suggest sell side pressure is increasing. We noted that if the 1-hour divergence failed it would support further upside price action, but while in play, it did mean we had a small note of caution on higher moves in the near-term.
- The futures traded to a high of USD 13,350 before seeing bids fade on the 1-hour divergence. We remain above all key moving averages supported by the RSI above 50, intraday price and momentum are conflicting, as the previous candle closed below the daily pivot level.
- A close on the 4-hour candle below USD 13,290 with the RSI at or below 56.5 will mean price and momentum are aligned to the sell side; likewise, a close above this level will mean it is aligned opt 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: Minor divergence on the 1-hour timeframe.
- The futures have seen a small intraday pullback due to the 1-hour divergence with the RSI, above USD 13,350 will create further divergences, meaning we remain cautious on higher moves in the near-term. The RSI moving average does imply momentum support; however, the lower timeframe momentum weakness offsets this. Price is now back in the rising channel, a close below channel support at USD 13,033 and the 200-period MA at USD 13,008 will indicate an increase in sell side pressure, warning the USD 12,582.5 and USD 12,528 fractal support zone could be tested.

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	3,150	R1	3,157.5	RSI above 50	Stochastic overbought
S2	3,114	R2			
S3	3,069	R3			

Source Bloomberg

Synopsis - Intraday

- Price is above the EMA support band (Black EMA's)
- RSI is at 50 (61)
- Stochastic is overbought
- Price is above the daily pivot point USD 3,150
- Technical outlook Wednesday: Supported but continues to lack bull impetus
- The futures were trading above the 200 period MA with the stochastic above 70, while the RSI was making new highs alongside price. We noted that the upside move was lacking volume support (it was higher during the CNY) with price still needing to produce a sustained push away from the longer-period MA; however, we were seeing signs of momentum support. A close back below the average would suggest caution, as it would suggest that bid support was either fading, or sell side pressure was increasing. Price was holding above its average, we had signs of momentum support. We highlighted that volume was conviction, which we were lacking, suggesting the market were not yet convinced on the recent upside price action.
- The futures moved higher yesterday on increased volume, indicating the upside move has increasing conviction. We have seen bids fade this morning but remain above all key moving averages supported by the RSI above 50, intraday price and momentum are aligned to the buy side.
- A close on the 4-hour candle below USD 3,150 with the RSI at or below 55.5 will mean price and momentum are aligned to the sell side. 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: Momentum confirmation—volume support
- The upside move in the futures is being replicated by the RSI, indicating we have momentum confirmation; likewise, the increased volume on the move higher yesterday implies increased conviction, suggesting intraday downside moves have the potential to be countertrend. We identify USD 3,069 as the key near-term support to follow, as corrective moves that hold at or above this level would suggest that there is an underlying support in the market. Conversely, below USD 3,069 will signal an increase in sell-side pressure. A pattern break with momentum confirmation, alongside increased volumes suggest the technical condition is strengthening, warning resistance is becoming increasingly vulnerable.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	3,313	R1 3,388	3,357.5		RSI below 50
S2	3,291	R2 3,460			
S3	3,252	R3 3,467			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is below 50 (48)
- Stochastic is below 50
- Price is below the daily pivot point USD 3,388
- Technical outlook Wednesday. Cautious on upside breakouts above 3,431.5
- Futures remained supported within the rising channel, having seen intraday selling pressure on the 1-hour divergence with the RSI yesterday. We continued to be cautious on upside breakouts above USD 3,431.5 as price would again be in divergence on the 1-hour timeframe. We also highlighted that the channel resistance line at 3,447 was a key area of resistance, as this was also two standard deviations above linear regression line, implying upside breakouts could struggle to hold. A close below the low of the last dominant bull candle at USD 3,360 will indicate sell side pressure is increasing, warning support levels will be vulnerable.
- The futures have sold and close below the channel support line at USD 3,386. We are between the EMA support band with the RSI above 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 3,388 with the RSI at or above 56.5 will mean price and momentum are aligned to the buy side. Downside moves that hold at or above USD 3,313 will support a near-term bull argument, below this level the USD 3,253 support will become vulnerable.
- Technical outlook Wednesday. Sell-side pressure increasing but not confirmed,
- The futures are coming under pressure due to the lower timeframe divergence highlighted previously. The break below the channel support line is a warning that sell-side pressure is starting to decrease; however, price is yet to close below the low of the last dominant bull candle at USD 3,360. In theory, below USD 3,313 the probability of the futures trading to a new high will start to decrease, based on the depth of the pullback. The caveat is that we have the 200-period MA at USD 3,291, we highlight the average as more important than the Fibonacci level, corrective moves that hold at or above this level will indicate underlying support in the market. Conversely, a close and hold below the average will further weaken the technical. Price action is weakening, but we are yet to close below the last dominant bull candle.