



Base Morning Technical Report

info@freightinvestor.com | freightinvestorservices.com | (+44) 207 090 1120

(Bloomberg) -- Aluminum rallied more than 3% on concerns that a critical supply route for Middle Eastern producers will be disrupted by conflict in a region responsible for a significant chunk of global output.

The metal advanced as much as 3.3% to the highest since January on the London Metal Exchange. The Strait of Hormuz — a trade chokepoint off the coast of Iran — is used by many of the area's major aluminum producers to ship out metal and bring in raw materials.

Conflict in the Middle East spread over the weekend after the US and Israel attacked Iran, and Tehran retaliated with strikes on multiple countries. The region accounts for about 9% of the world's aluminum production capacity, according to consultancy AZ China Ltd., and prices have typically been sensitive to spikes in regional tensions.

Emirates Global Aluminium, the UAE's top producer, operates smelters in Dubai and Abu Dhabi, while Aluminium Bahrain runs one of the world's largest single-site smelters. The UAE confirmed that debris from an aerial interception caused a fire at one of the berths at Jebel Ali port in Dubai, located just several kilometers from Emirates Global Aluminium's facility.

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	13,224	R1	13,366	RSI above 50	
S2	13,185	R2	13,551		
S3	13,166	R3	13,642		

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- The RSI is above 50 (59)
- Stochastic is above 50
- Price is on/below the daily pivot point USD 13,366
- Technical Outlook Friday: Buy-side pressure increasing, 1-hour RSI testing resistance
- The bullish support candle previously had resulted in an intraday move higher on the open. The RSI was testing resistance on the 1-hour timeframe, increasing the probability of divergence failure, while our intraday Fibonacci projections suggested that we had a potential near-term upside target at USD 13,642. We noted that the oscillator cross on the lower timeframe is minimal, meaning there was still the potential for a bullish Elliott wave extension. Buy-side pressure was intensifying, highlighted by the rising moving average on the RSI and the 4-hour RSI making new highs, signaling bullish momentum confirmation.
- The futures sold to a low of USD 13,238 before finding light bid support in the Asian day session. We are above the EMA support band with the RSI above 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle above USD 13,366 with the RSI at or above 65.5 will mean price and momentum are aligned to the buyside. Likewise, a close below this level will mean it is aligned to the sell side. 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: Positive reversal on the RSI, momentum support
- The futures are back trading within the rising channel while the RSI moving average implies that momentum is weakening. Countering this, the move lower has resulted in the RSI making a new low, this is not being replicated by price which remains above the USD 13,168 fractal support, meaning we have a positive reversal in play (highlighted by the black lines on the chart). The reversal indicates that is an underlying support in the futures, suggesting caution on intraday moves lower while above the USD 13,168 level.

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	3,162	R1	3,241	RSI above 50	Stochastic overbought
S2	3,147	R2			
S3	3,132	R3			

Source Bloomberg

Synopsis - Intraday

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (69)
- Stochastic is above 50
- Price is above the daily pivot point USD 3,147
- Technical outlook Friday: Neutral—conflicting between volume and momentum
- The futures had seen volume support on the 200-period MA previously, resulting in price moving higher. However, above USD 3,175 price would be divergent with the RSI, warning buyside pressure could slow, implying caution on upside breakouts above USD 3,175. The conflicting technical meant that we had a neutral bias this morning. For upside continuation, we needed to see a divergence failure followed by a breach in the USD 3,227 Fibonacci resistance.
- The futures have broken a symmetrical triangle pattern to the upside, resulting in divergence failure and the USD 3,227 resistance being broken. 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 3,147 with the RSI at or below 57.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 3,096 will support a bull argument, below this level the technical will have a neutral bias.
- Technical outlook: Bullish, buyside pressure increasing.
- The futures have broken the symmetrical triangle to the upside on volume support, resulting in key resistance being broken. The RSI is making new highs alongside price, signaling momentum confirmation, suggesting downside moves have the potential to be countertrend. We identify USD 3,096 as the key support to follow, downside moves below this level will reduce the probability of the futures trading to a new high. The break above the USD 3,227 level is warning that price is entering a bullish impulse wave 5 on the higher timeframe cycle.

Zinc Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	3,351.5	Stochastic oversold	RSI below 50
S2	R2			
S3	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (47)
- Stochastic is oversold
- Price is above the daily pivot point USD 3,337
- Technical outlook Friday. Sell-side pressure increasing
- Although the futures were seeing light bid support, sell side pressure had increased due to the close below the low of the last dominant bull candle. However, at that point, there was not a dominant bear candle in play. A close back above the lower channel support line at USD 3,406 (this was currently considered as resistance line) would indicate an increase in buy-side pressure. Likewise, a daily close above USD 3,458.5, where price has breached the USD 3,460 resistance would warn that the USD 3,575.5 resistance was vulnerable. The 200-period MA at USD 3,298 remained the key support line to follow; a close that held below this level would further weaken the technical; conversely, if the average held, it would warn that there was an underlying support in the market.
- The futures sold to a low of USD 3,305 before finding bid support on the 200-period MA at USD 3,303. We are below the EMA resistance band with the RSI below 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle below USD 3,337 with the RSI at or below 45 will mean price and momentum are aligned to the sell side. Likewise, a close above this level with the RSI at or above 49 will mean it is aligned to the buy-side.
- Technical outlook. Sell-side pressure increasing
- The move below the USD 3,313 support warns that the probability of price trading to a new high has started to decrease; however, the futures are holding above the 200-period MA at USD 3,303; last week we noted that the average held more weight than the Fibonacci level. A mixed technical, the depth of the pullback alongside the RSI making new lows alongside price suggests caution on upside moves. However, for downside continuation, the futures will need to close and hold below the 200-period MA.