



Base Morning Technical Report

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Cu

(Bloomberg) -- Copper is at risk of dropping below \$12,000 a ton in the near-term should disruptions to energy supplies and infrastructure in the Gulf persist beyond a couple of weeks, according to Citigroup Inc.

A slump below \$12,000 is "certainly plausible in the coming weeks" if the crisis continues and investors unwind positions on fading expectations for US Federal Reserve rate cuts and cyclical growth, analysts including Tom Mulqueen write in emailed note

Bank's base case is for conflict to ease within weeks and for copper to rebound to \$13,500-\$14,000 within three months

"Base metals have mostly bearish exposure to an ongoing conflict as fears of an energy supply shock drive a repricing of rate-cut expectations on inflationary pressures, and dollar strength": Citi

Aluminum and zinc "skew bullish" given vulnerability to shipment disruptions and rising output costs

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	12,983	R1	13,132	Stochastic oversold	RSI below 50
S2	12,784	R2	13,209		
S3	12,699	R3	13,261		

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- The RSI is below 50 (46)
- Stochastic is oversold
- Price is above the daily pivot point USD 12,983
- Technical Outlook Tuesday: Inflection point, testing the 200-period MA
- Having sold lower previously the futures opened with bid support but rejected the lower channel support (now resistance at USD 13,251), resulting in price trading to a new low. The futures were at an inflection point, as price was testing the 200-period MA at USD 13,063 (we noted that this was also Bollinger band support), while the RSI moving average continued to warn that momentum remained weak. However, we were testing support while in divergence with the RSI on the 1-and-4-hour timeframe, meaning we have a note of caution while on the 200-period MA. For downside continuation, we needed to close and hold below the average with the divergences failing. The technical needed further confirmation, while on the average with the divergence in play we were cautious on lower moves.
- The futures sold lower resulting in the divergence failing; however, price is forming a large symmetrical triangle with price holding trend support, resulting in price trading back up to the 200-period MA at USD 11,878. We are below the EMA support band with the RSI below 50, intraday price and momentum price and momentum are conflicting.
- A close on the 4-hour candle above USD 12,983 with the RSI at or above 50.5 will mean price and momentum are aligned to the buy-side; 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: Symmetrical triangle—neutral
- Having traded lower yesterday the futures have reverted back to the intraday 200-period MA at USD 13,059, meaning price is back at an inflection point, while we are in a large symmetrical triangle. The RSI moving average implies that momentum is weak while the RSI is testing its average. If price and momentum become aligned to the buy-side, it will indicate that intraday buy-side pressure is increasing, warning the USD 13,261 resistance could be tested. A rejection at USD 13,261 will leave support levels vulnerable. The daily/intraday timeframe is neutral due to the symmetrical triangle, alongside intraday price being at an inflection point, meaning the technical is neutral.

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	3,247	R1	3,306.5	RSI above 50	Stochastic overbought
S2	3,200	R2			
S3	3,165	R3			

Source Bloomberg

Synopsis - Intraday

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (71)
- Stochastic is overbought
- Price is above the daily pivot point USD 3,247
- Technical outlook Tuesday: Testing trend support
- We noted yesterday that the failed swing high previously had resulted in a 3-wave corrective move lower with price testing the trend support line from the symmetrical triangle. The technical was starting to conflict; a rejection candle on the daily chart at Bollinger band resistance warned that resistance levels could come under pressure. Countering this, price was on trend support having produced a 3-wave corrective pattern, if we held, it would also create a polarity support that would have bullish connotations going forward. We also noted that the upside move above the USD 3,227 resistance warned that the probability of price trading to a new low had started to decrease. Price was currently in balance, if we closed and held below the trend support line from the symmetrical at USD 3,163 then we would not get polarity support forming, leaving price to target the 200-period MA at USD 3,126. For upside continuation price needed to avoid a close and hold below USD 3,163.
- The futures sold to a low of USD 3,151 but the move failed to hold, creating a polarity support and a move higher. We are 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 3,247 with the RSI at or below 63 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: Increasing buy-side pressure with volume support—minor divergence needs to be monitored.
- A failed downside in the morning session confirmed the polarity support, resulting in a high volume upside move, warning the USD 3,356 fractal high could be tested and broken. The RSI has tested its resistance this morning with price trading to a new high, meaning we have a minor divergence in play. The divergence warns that buy-side momentum could slow, this will need to be monitored. Polarity support and a high volume indicate buy-side pressure, for upside continuation, the divergence needs to fail.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	3,291	R1 3,308	3,297	Stochastic oversold	RSI below 50
S2	3,252	R2 3,388			
S3	3,226	R3 3,457			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (43)
- Stochastic is oversold
- Price is above the daily pivot point USD 3,291
- Technical outlook Tuesday. Caution, positive divergence in play
- The downside move in the futures yesterday meant that price was trading below but yet to close below the intraday 200-period MA at USD 3,307, if we do it would weaken the technical further. However, the new low means that we had a positive divergence with the RSI in play on both the 1-and-4-hour timeframes. Not a buy signal, the divergence warned that we could see a momentum slow-down that needed to be monitored. For downside continuation, we need a close and hold below the average with the divergence failing. Conversely, a close on the 4-hour candle above USD 3,353 with the RSI closing above 39.2 will signal an increase in buyside pressure. While in divergence the technical warranted a cautious approach on lower moves at those levels.
- Initial tests to the downside yesterday resulted in the divergence holding yesterday; however on the closing candle the divergence failed. Price is seeing bid support on the open with the futures below all key moving averages supported by the RSI below 50, intraday price and momentum remains aligned to the sell side, as the previous candle close was below the daily pivot while the RSI was below its average.
- A close on the 4-hour candle above USD 3,291 with the RSI at or above 43.5 will mean price and momentum are aligned to the buyside.
- Technical outlook. Caution on moves higher
- Based on volume there looks to have been some accumulation on the lows yesterday, leaving price vulnerable to an intraday move higher. However, the intraday divergence failure is supported by a failed swing high on the daily 14-period RSI, warning higher timeframe momentum is weakening, meaning we have a cautious approach to higher moves at this point.