Base Morning Technical Report

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

Al

(Bloomberg) -- Aluminum rose on supply disruptions triggered by the war in the Middle East, which has driven offer prices in Japan to an 11-year high.

Three-month futures climbed above $3,400 a ton, just below a four-year peak hit on Monday. That came after the conflict forced production cuts in the Middle East, which accounts for about 9% of global output. The Strait of Hormuz remains effectively shut, preventing exports of finished products getting out.

Rio Tinto Group on Tuesday offered to supply the metal at a premium of $350 a ton to Japanese buyers for second-quarter shipments, according to people familiar with the talks. If agreed, that would be the highest since 2015.

Commodities markets have been roiled this week, as the Trump administration sent mixed messages on the duration of the war with Tehran. On Tuesday, US officials signaled military operations were escalating against Iran and there was little chance of diplomatic talks, throwing cold water on President Donald Trump’s suggestion that the conflict could be resolved soon.

Copper Morning Technical (4-hour)

Support		Resistance		Current Price	Bull	Bear
S1	13,030	R1	13,100	13,058	RSI above 50	Stochastic overbought
S2	13,007	R2	13,209			
S3	12,845	R3	13,330			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA resistance band (Black EMA's)
- The RSI is above 50 (52)
- Stochastic is overbought
- Price is below the daily pivot point USD 13,100
- Technical Outlook Tuesday: Symmetrical triangle—neutral
- The downside rejection previously had resulted in an increase in buy-side pressure. The futures were trading above the intraday 200-period MA at USD 13,048; however, we were yet to see a close and hold above the average. If we did, then the USD 13,209 resistance could be breached; if it was then the probability of price trading to a new low would begin to decrease. Ultimately, we remained in the symmetrical triangle, signaling a neutral technical.
- The futures closed above the 200-period MA at USD 13,030 but remain below the USD 13,209. We are above all key moving averages supported by the RSI above 50, intraday price and momentum are aligned ot the buyside, as the previous candle closed above the daily pivot level.
- A close on the 4-hour candle below USD 13,100 with the RSI at or below 47 will mean price and momentum are 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
- Unchanged. Price remains in the symmetrical triangle pattern, signaling neutrality, while the futures are in the process of reverting back to the intraday 200-period MA. The RSI moving average implies momentum support, while the daily candle closed back above its 50-period MA at USD 13,070. A daily close below the low of yesterdays bull candle at USD 12,986 will warn that the trend support line at USD 12,845 could come back under pressure.

Aluminium Morning Technical (4-hour)

Support		Resistance		Current Price	Bull	Bear
S1	3,385	R1	3,449	3,419	RSI above 50	
S2	3,361	R2	3,531			
S3	3,324	R3	3,601			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (58)
- Stochastic is below 50
- Price is above the daily pivot point USD 3,361
- Technical outlook Tuesday: Countertrend correction
- Price WAS moving lower on a negative divergence yesterday, while the RSI moving average implied that momentum was weak. Our Elliott wave analysis suggested that the downside move should be considered as countertrend, making USD 3,195 the key support to follow. If broken, then the probability of price trading to a new high would begin to decrease; conversely, upside moves that failed at or below USD 3,449 will warn that there could be further downside within the corrective phase. We noted that price was moving lower on reduced volume, suggesting market buyers have pulled back, rather than an increase in sell-side pressure at that point.
- The futures moved higher on the back of the intraday bull support candle; however, we remain below our key resistance at USD 3,449 at this point. We are above all key moving averages supported by the RSI below 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle above USD 3,361 with the RSI at or above 61.5 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 3,195 will support a bull argument, below this level the technical will have a neutral bias.
- Technical outlook: Price remains in a corrective phase, caution on higher moves at these levels.
- The upside move in the futures looks to be the wave B of the corrective phase, warning support levels remain vulnerable in the near-term, the broader trend remains bullish. Above USD 3,449 the probability of price trading to a new low will begin to decrease, while a close and hold below the trend support line at USD 3,385 will signal an increase in sell-side pressure. Caution on corrections that hold at or above USD 3,324, as it will suggest that we could be in the early stage of the higher timeframe bullish Elliott wave 5. Based on our Elliott wave analysis, price is becoming vulnerable to another downside move.

Zinc Morning Technical (4-hour)

Support		Resistance		Current Price	Bull	Bear
S1	3,318	R1	3,351	3,322.5	RSI above 50	Stochastic overbought
S2	3,303	R2	3,386			
S3	3,277	R3	3,431			

Synopsis - Intraday

Source Bloomberg

- Price is between the EMA resistance band (Black EMA's)
- RSI is below 50 (49)
- Stochastic is overbought
- Price is below the daily pivot point USD 3,331
- Technical outlook Tuesday. Buy-side pressure increasing.
- We noted yesterday that the move above the resistance zone highlighted previously, while price was holding above the intraday 200-period MA at USD 3,317 implied market support. The breach above USD 3,359 indicated that we were seeing an increase in buyside pressure, warning resistance levels were vulnerable. The upside move was breaking key resistance levels while the RSI moving average indicated momentum support, suggesting caution on corrective throwbacks at that point.
- We have closed below an intraday trend support line, signaling an intraday corrective phase. Price is between the EMA support band with the RSI near-neutral at 49, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 3,331 with the RSI at or above 57.5 will mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 3,277 will support a near-term bull argument.
- Technical outlook. Bullish throwback, caution on downside moves.
- Price is now testing the Fibonacci support zone having broken intraday trend support. However, based on the move higher previously, the probability of price trading to a new low has decreased. We also highlight the larger 3-wave corrective structure that warns that we have seen the corrective phase complete, meaning we are potentially in the early stages of a bullish impulse move. Key focus should be on the USD 3,277 support, as a sustained move below this level would suggest price has re-entered bearish territory. Based on the current price action, the technical implies that the move lower looks to be a bullish throwback, suggesting caution on lower moves while above the USD 3,277 support.