



Base Morning Technical Report

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

(Bloomberg) -- Aluminum rose for a third day as the war in the Middle East dragged on, threatening deeper supply disruptions from local producers.

Prices settled at the highest close since April 2022 on Wednesday after the conflict forced output cuts at smelters in the region that accounts for about 9% of global output. The Strait of Hormuz remains effectively shut, preventing shipments from transiting the choke point to reach global markets.

Commodity markets from energy to metals have been shaken up by the fighting between the US, Israel and Iran, which erupted on Feb. 28. Attacks have proliferated across the region as Tehran seeks to respond to waves of airstrikes. Commercial marine traffic through Hormuz has all but halted, stressing supply chains and threatening a wave of inflation.

Aluminum retains significant upside, with a scope for a move toward \$3,700 a ton, BMI, a unit of Fitch Solutions Inc., said in a note. The spike in premiums in the US and Europe reflects "mounting concern among western buyers," it added.

"Recent developments materially heighten the likelihood of a more acute supply squeeze," with the global market expected to move into a deeper deficit of 1.06 million tons this year, BMI said.

Signs of a tightening market are emerging, with substantial orders to withdraw stockpiles from the London Metal Exchange's warehouse network. Mercuria Energy Group Ltd. was the main trader involved in requests for nearly 100,000 tons of aluminum from LME warehouses in Malaysia earlier this week, according to people familiar with the move.

Aluminum rose 1% to \$3,492.50 a ton on the LME at 10:55 a.m. in Shanghai. Other metals were mixed, with copper down 0.6% at \$12,957.50.

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	12,948	R1	13,038	13,010	
S2	12,878	R2	13,083		
S3	12,862	R3	13,290		

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- The RSI is at 50 (50)
- Stochastic is above
- Price is below the daily pivot point USD 13,038
- Technical Outlook Tuesday: Symmetrical triangle—neutral
- Unchanged yesterday. Price remained in the symmetrical triangle pattern, signaling neutrality, while the futures were in the process of reverting back to the intraday 200-period MA. The RSI moving average implied 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 would warn that the trend support line at USD 12,845 could come back under pressure.
- The futures failed to close below the USD 12,986 level with price finding bid support on the open. We are below the EMA resistance band with the RSI neutral at 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 13,038 with the RSI at or above 55 will mean price and momentum are 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: Symmetrical triangle—neutral
- Having seen support on the open the futures are testing the intraday 200-period MA at USD 13,037. A close and hold above the average, followed by a move above the USD 13,083 level will warn that Fibonacci resistance at USD 13,209 could be tested and broken. Conversely, a rejection of the 200 MA will leave the trend support line at USD 12,862 vulnerable. Price remains in a consolidation pattern, meaning we lack directional bias, neutral.

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	3,446	R1	3,531	RSI above 50	Stochastic overbought
S2	3,420	R2	3,601		
S3	3,390	R3	3,645		

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (68)
- Stochastic is overbought
- Price is above the daily pivot point USD 3,446
- Technical outlook Wednesday: Price remained in a corrective phase, caution on higher moves at these levels.
- The upside move in the futures yesterday looked to be the wave B of the corrective phase, warning support levels remain vulnerable in the near-term; however, the broader trend remains bullish. Above USD 3,449 the probability of price trading to a new low would begin to decrease, while a close and hold below the trend support line at USD 3,385 would signal an increase in sell-side pressure. We were cautious on corrections that held at or above USD 3,324, as it would suggest that we could be in the early stage of the higher timeframe bullish Elliott wave 5. Based on our Elliott wave analysis, price was becoming vulnerable to another downside move.
- The lower timeframe Elliott wave cycle extended yesterday, resulting in price breaching the USD 3,449 resistance, signaling the probability of price trading to a new low has started to decrease. 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 3,446 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 3,195 will support a bull argument, below this level the technical will have a neutral bias.
- Technical outlook: Bullish
- The upside move above key resistance, alongside the lower timeframe Elliott wave extension, suggests that we are on a bullish impulse wave 5 for this phase of the cycle. Above USD 3,544 will warn that the Fibonacci resistance zone between USD 3,531 - USD 3,645 will be vulnerable; however, we should note that price will be divergence with the RSI above USD 3,544. Not a sell signal, the divergence warns that buy-side momentum could slow, which will need to be monitored. Technically we are seeing bid support again, while the situation in the Middle East leaves price vulnerable to further bullish Elliott wave extensions, which we need to monitor for.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	3,319	R1	3,322	Stochastic oversold	
S2	3,277	R2	3,386		
S3	3,256	R3	3,431		

Synopsis - Intraday

Source Bloomberg

- Price is between the EMA resistance band (Black EMA's)
- RSI is at 50 (50)
- Stochastic is oversold
- Price is above the daily pivot point USD 3,319
- Technical outlook Tuesday. Bullish throwback, caution on downside moves.
- Price was testing the Fibonacci support zone yesterday having broken intraday trend support. However, based on the move higher previously, we noted that the probability of price trading to a new low had decreased. We also highlighted the larger 3-wave corrective structure that warned that we had seen the corrective phase complete, meaning we were potentially in the early stages of a bullish impulse move. Key focus should have been on the USD 3,277 support, as a sustained move below this level would suggest price had 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.
- Price remains in a corrective phase above the USD 3,277 support. We are between the EMA resistance band with the RSI neutral at 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle above USD 3,319 with the RSI at or above 54.5 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 3,277 will support a near-term bull argument.
- Technical outlook. Bullish throwback, caution on downside moves while above USD 3,277
- Unchanged on the technical this morning. The futures remain in a corrective phase that looks to be a bullish throwback. This is based on the upside move breaching key resistance previously, while we look to have already completed the A,B,C correction. Near-term price action is becoming neutral, as price is on the intraday 200-period MA, meaning we are at an inflection point. The RSI at 50 is neutral, while price and momentum are conflicting. Key support is at USD 3,277, below this level the pullback will be considered as deep, signaling we are re-entering bearish territory.