



Base Morning Technical Report

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(Bloomberg) -- Aluminum retreated with other industrial metals as traders watched for possible talks between US and Iranian officials in Pakistan before a ceasefire between the two sides ends.

US President Donald Trump said he's highly unlikely to extend the two-week truce that expires Wednesday evening in Washington. Tehran is sending a team to Islamabad, after earlier indicating it might refuse to join further negotiations.

Read More: [Trump Aims to Seal Iran Deal, Says Truce Extension Unlikely](#)

Metals have swung wildly since end-February, when US and Israeli forces attacked Iran, triggering a spike in global energy prices and disruptions to aluminum supplies. This week has seen jittery trading so far, with much resting on whether the sides can agree a deal that frees up the Strait of Hormuz, a crucial waterway for commodities.

"Higher energy prices and sticky inflation risk keeping monetary policy tighter for longer, weighing on the industrial metals demand outlook," ING Groep NV analysts including Warren Patterson wrote in a note.

Aluminum was down 1.1% to \$3,518 a ton by 12:34 p.m. Shanghai time, while copper, zinc and nickel also declined.

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	13,196	R1	13,270	RSI above 50	
S2	12,940	R2	13,358		
S3	12,802	R3	13,400		

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- The RSI is above 50 (54)
- Stochastic is below 50
- Price is below the daily pivot point USD 13,270
- Technical Outlook Previously: Downside moves considered as countertrend
- We noted yesterday that the RSI had broken trend support while the RSI moving average warned of momentum weakness, meaning support levels were considered as vulnerable. However, Elliott wave analysis suggested that downside moves should be considered as countertrend, providing we held above the USD 12,613 support. If breached, the probability of price trading to a new high would begin to decrease. We were cautious on upside breakouts above USD 13,392.5, as the RSI would be divergent with price. Not a sell signal, it warned that buy-side momentum could slow, which needed to be monitored.
- The futures remain in a consolidation phase. We are above all key moving averages with the RSI above 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 13,270 with the RSI at or above 63.5 will mean price and momentum are aligned to the buy-side. Downside moves that hold at or above USD 12,613 will support a bull argument, below this level price will have a neutral bias
- Technical Outlook: Downside moves considered as countertrend
- We maintain our view based on Elliott wave analysis that downside moves should be considered as countertrend. The futures have now formed a symmetrical triangle pattern, confirming the consolidation phase highlighted yesterday. A neutral pattern, meaning directional bias will come on a close and hold outside of the trend lines highlighted (USD 136,196—USD 13,358). We should note that the RSI is moving lower faster than price, meaning we have a positive reversal pattern in play, implying caution on downside breakouts, as they have a higher probability of being fake-outs.

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear	
S1	3,459	R1	3,521.5		RSI below 50	
S2	3,393	R2				3,554
S3	3,372	R3				3,591
					3,621	

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (42)
- Stochastic is below 50
- Price is below the daily pivot point USD 3,554
- Technical outlook Previously: Upside moves considered as countertrend
- We noted yesterday that the downside move to a low of USD 3,435 on Friday indicated that the technical was bearish based on price. The correction was supported by the RSI also making a new low, meaning we had bearish momentum confirmation, suggesting upside moves should be considered as countertrend. We identify USD 3,304 as a potential key support going forward, as corrections that held at or above this level would suggest there could be a larger, bullish Elliott wave cycle coming into play.
- The futures have seen a small move lower. We are below the EMA support band with the RSI below 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 3,554 with the RSI at or above 50 would mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 3,304 would warn that there could be a larger, bullish wave cycle coming into play.
- Technical outlook: Upside moves considered as countertrend
- Intraday Elliott wave analysis based on the correction suggests that downside moves should be considered as countertrend, providing we remain below the USD 3,591 resistance. Above the USD 3,591 level the probability of the futures trading to a new low will start to decrease. The RSI moving average implies momentum remains weak at this point. Point of observation on the daily chart. USD 3,517 is two standard deviations above the daily 200-period moving averages; the upper 200 period Bollinger band acted as a support on the 09/04/ and 20/01, this level needs to be observed for reactions around it. A close and hold below USD 3,517 on the daily timeframe will bring support levels into focus; conversely, market sellers should act with caution if the support holds.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	3,307	R1	3,423	RSI above 50	
S2	3,274	R2	3,491		
S3	3,253	R3	3,556		

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (54)
- Stochastic is oversold
- Price is below the daily pivot point USD 3,423
- Technical outlook Previously: Negative divergence, cautious bull
- Technically we were unchanged yesterday. The upside move in the futures was struggling to hold due to the negative divergence in play; however, the pullback had resulted in a second positive reversal pattern forming, meaning resistance levels remained vulnerable while above the USD 3,396 level. Due to the divergence, we were cautious on upside breakouts above USD 3,482.
- The futures sold to a low of USD 3,387.5 before finding light bid support. Of the EMA band. The RSI is above 50 with price and momentum aligned to the sell side.
- A close on the 4-hour candle above USD 3,423 with the RSI at or above 64.5 will mean price and momentum are aligned to the buy-side side. Downside moves that hold at or above USD 3,180 will support a bull argument, below this level the technical will have a neutral bias.
- Technical outlook. Negative divergence, cautious bull
- The futures remain in a corrective phase with the positive reversal pattern failing, warning support levels are considered as vulnerable in the near-term. Elliott wave analysis does suggest that downside moves should be considered as countertrend, providing we hold above the USD 3,180 support. We are holding on the EMA support band at this point; however, the corrective pullback currently looks shallow at this point, meaning we remain cautious on upside moves, as price will become divergent above USD 3,482.