



Base Morning Technical Report

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Metals

(Bloomberg) -- Copper headed for a weekly loss, tracked by other metals, as uncertainty over the next developments in the Middle East war continued to weigh on the global economy.

There's little sign yet that the US and Iran will return to talks after President Donald Trump extended a ceasefire indefinitely earlier this week. The Strait of Hormuz remains largely blocked, and oil prices are heading for the fifth daily gain as warnings mount over global growth.

Copper fell 1% to \$13,222.50 a ton by 12:18 p.m. Shanghai time, and the metal is now on track for a comfortable weekly decline of 0.9%. Aluminum dropped 0.6% and zinc fell 0.3%

The turmoil in the Persian Gulf has had varied effects across the metals market. Aluminum supplies from the region have been squeezed, while disruptions to flows of sulfuric acid and fuels pose a risk to producers elsewhere.

"For now, we expect an uncertain outlook for the global economy to temper bullish sentiment on the supply side," analysts from BMI, a unit of Fitch Solutions, wrote in a note.

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	13,193	R1	13,331	13,239.5	RSI below 50
S2	13,139	R2	13,497		
S3	13,055	R3	13,578		

Synopsis - Intraday

Source Bloomberg

- Price is between the EMA support band (Black EMA's)
- The RSI is below 50 (48)
- Stochastic is below 50
- Price is below the daily pivot point USD 13,331
- Technical Outlook Previously: Neutral
- The upside move yesterday had failed to hold due to a negative divergence with the RSI; while the subsequent pullback below USD 13,255 meant that the probability of the futures trading to a new high had begun to decrease. Corrections below USD 13,139 will take the technical into bearish territory. We were neutral due to the divergence and the depth of the pullback; the probability of new highs being achieved had decreased, but the technical was not yet bearish.
- The futures have seen a small move lower but we remain above the USD 13,139 level. Price is between 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 13,331 with the RSI at or above 56.5 will mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 12,309 will support a longer-term bull argument.
- Technical Outlook: Neutral - Caution on upside moves
- Neutral yesterday, the futures are coming under light pressure. We continue to be cautious on upside moves due to the deep pullback and the negative divergence. A daily close below USD 13,193 will be below the low of the low of the last dominant daily bull candle, signaling sell side pressure is weakening, while below USD 13,139 the intraday technical will be bearish.

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	3,550	R1	3,595.5	RSI above 50	Stochastic overbought
S2	3,435	R2			
S3	3,408	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (53)
- Stochastic is overbought
- Price is below the daily pivot point USD 3,601
- Technical outlook Previously: Momentum support
- We noted yesterday that the upside move above USD 3,591 meant that the probability of the futures trading to a new low had started to decrease, the RSI moving average also implied momentum support. The longer-term technical was bullish, downside moves are considered as countertrend. The straight closing on the 17/04 (then re-opening that week-end) had left the corrective wave cycle unclear. In theory, there was an argument to say it is incomplete. We noted that if we traded above the high of the strong bear candle from the 17/04 at USD 3,638.5 then it would have bullish implications (added to the momentum support); conversely, a close below the low of the last intraday dominant bull candle at USD 3,550 would warn of increased selling pressure. From a technical perspective, the lack of clarity yesterday suggested being on the sidelines for anything other than intraday swings.
- The futures are starting to consolidate. We are above the EMA support band with the RSI above 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 3,601 with the RSI at or above 56 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: Neutral
- We lack clarity on the wave cycle, while price is holding the EMA support band; however, the RSI is below its average. We also note that the RSI has rejected the 60 level; this is a warning that momentum could be weakening, indicating caution (Cardwell). As highlighted yesterday, if we trade above the high of the strong bear candle from the 17/04 at USD 3,638.5 then it would have bullish implications; conversely, a close below the low of the last intraday dominant bull candle at USD 3,550 would warn of increased selling pressure.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	3,387	R1	3,452	RSI above 50	
S2	3,313	R2	3,491		
S3	3,278	R3	3,556		

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (55)
- Stochastic is at 50
- Price is on the daily pivot point USD 3,452
- Technical outlook Previously: Negative divergence, cautious bull
- Unchanged yesterday, price had traded to a new high; however, due to the divergence in play we were currently cautious on upside moves. The longer-term trend was considered as bullish. Meaning downside moves were considered as countertrend. We noted that price still had the ability to test the USD 3,491.5 fractal high in the near-term, but caution was warranted if we did.
- The futures have tested but held the EMA support band. The RSI is above 50 with price and momentum aligned to the sell side.
- A close on the 4-hour candle above USD 3,452 with the RSI at or above 60 will mean price and momentum are aligned to the buy side. Downside moves that hold at or above USD 3,183 will support a bull argument, below this level the technical will have a neutral bias.
- Technical outlook. Conflicting momentum
- The move lower has resulted in the RSI breaking near-term support; however, price has not. This is known as a positive reversal pattern and warns that resistance remains vulnerable in the near-term. The caveat, a new high will create a second positive divergence, suggesting caution on upside breakouts. Conversely, the futures will need to sell below the USD 3,387 fractal support for the reversal pattern to fail. Resistance is vulnerable, the risk reward would be limited, neutral.