



# Base Morning Technical Report

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(Bloomberg) -- Copper fell after the US and Iran exchanged fire in the Persian Gulf on Monday, casting doubt over the fate of a ceasefire and raising concerns about further escalation in the conflict that's upended global markets.

The metal dropped as much as 1.7% on the London Metal Exchange after closing higher for the first time in seven sessions on Friday. The LME was shut Monday for a UK public holiday. The American military fought off Iranian attacks as it facilitated the passage of two US-flagged vessels through the Strait of Hormuz, while a drone strike hit Fujairah port in the United Arab Emirates.

The risk for metals is a prolonged closure of the strait, which would magnify the energy shock and could force central bankers into a more hawkish stance, hitting manufacturing and crimping demand for industrial commodities. On the supply side, copper stockpiles in LME-tracked warehouses remained near the highest level since 2013, adding to bearish sentiment.

Copper was 0.6% lower at \$12,915 a ton on the LME as of 1:37 p.m. Shanghai time. Aluminum fell 0.7% and zinc dropped 0.5%. Iron ore futures were little changed at \$108.45 a ton on the Singapore Exchange, with trading activity subdued due to a holiday in China. Chinese markets will reopen Wednesday.

# Copper Morning Technical (4-hour)



|    | Support | Resistance | Current Price | Bull | Bear         |
|----|---------|------------|---------------|------|--------------|
| S1 | 12,803  | R1         | 13,003        |      | RSI below 50 |
| S2 | 12,780  | R2         | 13,049        |      |              |
| S3 | 12,593  | R3         | 13,131        |      |              |

**Synopsis - Intraday**

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- The RSI is below 50 (38)
- Stochastic is below 50
- Price is above the daily pivot point USD 13,003
- Technical Outlook Previously: Neutral momentum—consolidation
- We noted on Friday that we had a 3-wave pattern lower. If we trade below USD 12,937.5, then it would become 5-waves, at this point upside moves would be considered as countertrend. Conversely, upside rejections at or below USD 13,295 would imply a more complex correction, warning support levels would be vulnerable. Above USD 13,295, the probability of price trading to a new low would begin to decrease. Momentum was neutral, price was consolidating, we were neutral.
- The futures gapped lower due to the ceasefire coming under pressure after the US and Iran exchanged blows. However, price is finding bid support off the intraday 200-period MA at USD 12,780. We are below all key moving averages with the RSI below 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 13,003 with the RSI at or above 44 will mean price and momentum are aligned to the buy side. Upside moves that fail at or below USD 13,242 will leave the futures vulnerable to further tests to the downside; conversely, downside moves that hold at or above USD 12,309 will support a longer-term bull argument.
- Technical Outlook: Upside moves considered as countertrend
- The move to a new low means we now have a 5-wave pattern lower, structurally this suggests that the move lower is leg A of a corrective A,B,C pattern within the Elliott wave cycle. In theory, the 5-wave move lower should be followed by a countertrend wave B higher, making USD 13,242 the key resistance to follow; if breached, then the probability of price trading to a new low will begin to decrease.

# Aluminium Morning Technical (4-hour)



|    | Support | Resistance | Current Price | Bull | Bear         |
|----|---------|------------|---------------|------|--------------|
| S1 | 3,459   | R1         | 3,560         |      | RSI below 50 |
| S2 | 3,454   | R2         | 3,621         |      |              |
| S3 | 3,393   | R3         | 3,672         |      |              |

**Synopsis - Intraday**

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (48)
- Stochastic is above 50
- Price is above the daily pivot point USD 3,506
- Technical outlook Previously: Caution on upside moves
- We noted previously that the futures had held the intraday 200-period MA, supported by the RSI breaking near-term resistance. Longer-term RSI resistance remained in place, while the RSI was making an new high (above black line marked); however, price had not replicated the RSI high, meaning we had a bearish reversal pattern in play, suggesting support levels remained vulnerable at that point.
- The futures remain supported but below the EMA resistance band. The RSI is below 50 with price and momentum conflicting, as the previous candle closed below the daily pivot level.
- A close on the 4-hour candle below USD 3,506 with the RSI at or below 38 would mean price and momentum are aligned to the sell side; likewise, a close above this level would mean it is aligned to the buy side. 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: Caution on upside moves
- As highlighted last week, the RSI has broken near-term resistance; however, price had not, meaning we have a negative reversal pattern in play. Above USD 3,560 the reversal pattern will have failed, signaling an increase in buy side pressure. While below USD 3,560, we are cautious on upside moves.

# Zinc Morning Technical (4-hour)



|    | Support | Resistance | Current Price | Bull | Bear         |
|----|---------|------------|---------------|------|--------------|
| S1 | 3,354   | R1 3,394   | 3,361.5       |      | RSI below 50 |
| S2 | 3,286   | R2 3,425   |               |      |              |
| S3 | 3,258   | R3 3,449   |               |      |              |

## Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (49)
- Stochastic is below 50
- Price is above the daily pivot point USD 3,354
- Technical outlook Previously: Caution on downside moves
- The upside move in the futures previously was replicated by the RSI, meaning we had bullish momentum confirmation, implying downside moves could struggle to hold. We continued identify USD 3,429 as the key resistance to follow; rejections at or below this level would suggest that there could be a more complex corrective phase coming into play.
- The futures rejected prior support at USD 3,268.5, resulting in a change in polarity; however, the move lower is struggling to hold. We are below the EMA resistance band with the RSI below 50, intraday price and momentum are conflicting, as the previous candle closed below the daily pivot level.
- A close on the 4-hour candle above USD 3,354 with the RSI at or above 44 will mean price and momentum are aligned to the buy side. Likewise, a close below this level with the RSI at or below 40 will mean it is aligned to the sell 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. Caution on downside moves
- Although the futures have witnessed a change in polarity, the momentum confirmation highlighted previously, coupled the RSI moving average sloping higher, suggest caution on lower moves at this point. A close and hold above USD 3,268.5 will warn that our key resistance at USD 3,425 could be tested and broken; if it is, then the probability of the futures trading to a new low will begin to decrease.