



Base Morning Technical Report

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(Bloomberg) -- Copper extended its retreat as deepening inflation concerns tied to the Iran war and weaker-than-expected Chinese data weighed on industrial commodities.

US President Donald Trump renewed threats against Iran as the two sides remain far apart on a deal to end the conflict and reopen the Strait of Hormuz, driving oil prices higher. That fueled further speculation that central banks will need to keep tightening monetary policy, which could hurt metals by slowing global growth and crimping demand from manufacturers.

Copper dropped as much as 1.2% in early trading in Asia to \$13,394.50 a ton, after falling more than 4% over the previous two sessions from Wednesday's highest-ever close. The metal is still up about 9% this year, and had gained in recent weeks alongside a rally in tech stocks worldwide.

Global bond markets are seeing heightened volatility due to the deadlock over the Iran war. Since a ceasefire began in early April, Trump has repeatedly threatened to resume the bombing campaign that started in late February.

Adding to the downbeat mood for metals markets, China's economy showed some signs of weakness last month. Fixed-asset investment unexpectedly shrank, while retail sales and industrial output fell short of expectations.

Copper was 0.3% lower at \$13,513 a ton on the London Metal Exchange as of 11:18 a.m. Shanghai time, while zinc dipped 0.5% and aluminum was slightly down. Iron ore futures on the Singapore Exchange fell 0.7% to \$108.40 a ton.

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear	
S1	13,488	R1	13,515.5	Stochastic oversold	RSI below 50	
S2	13,261	R2				13,923
S3	13,083	R3				14,179

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- The RSI is below 50 (37)
- Stochastic is oversold
- Price is below the daily pivot point USD 13,662
- Technical Outlook Previously: Downside moves considered as countertrend
- The move below USD 13,833 meant that the positive reversal pattern had failed, signaling bearish momentum confirmation, as price and the RSI had made new lows, this was supported by the RSI moving average which was sloping lower. Countering the bearish argument was our Elliott wave cycle that implied that downside moves should be considered as countertrend, providing we held above the USD 13,261 level. We also highlighted a potential A, B, C corrective pattern lower, meaning we continue to be cautious on downside moves at that point. We noted that market longs should be cautious on throwbacks below USD 13,261, as it would reduce the probability of price achieving new highs; conversely, upside moves that failed at or below 14,024 would warn that the correction is becoming a more complex W, X, Y correction.
- The futures have continued to sell lower with price below the EMA support band, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 13,662 with the RSI at or above 52.5 will mean price and momentum are aligned to the buy side. Downside moves that hold at or above USD 13,261 will support a bull argument, below this level will the technical will have a neutral bias.
- Technical Outlook: Downside moves considered as countertrend
- Price remains in a corrective phase in what looks like a corrective A, B, C pattern; our Elliott wave analysis continues to imply that downside moves should be considered as countertrend while we are above the USD 13,261 support. Below USD 13,261 will warn that the probability of the futures achieving new highs has started to decrease. We have had a bullish intraday support candle form on the Asian open, but it was on low volume; going into the close on Friday we had a high volume bearish candle. The support candle warned that if we close above the high of Friday's bear candle at USD 13,655 it will signal that buy side pressure is on the increase, leaving the USD 13,923 resistance vulnerable. This is a key level on the technical, if rejected it will indicate a move complex corrective phase, probably in the form of an X, Y, Z pattern (double 3). We also note that the RSI is holding above the 36 level, this is a point of interest as it was the base before the bull move higher. If the RSI closes and hold below the 36 level, it will leave the USD 13,261 support exposed.

Aluminium Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	3,552.5	Stochastic oversold	RSI below 50
S2	R2			
S3	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- RSI is above 50 (42)
- Stochastic is oversold
- Price is below the daily pivot point USD 3,591
- Technical outlook Previously: Downside moves considered as countertrend.
- We noted previously that we had seen a swing high failure with both RSI and price, suggesting sell side pressure was increasing. The RSI was testing its trend support line, a close and hold below this level would further signal an increase in selling pressure. Countering the increase in sell side pressures was the 3-wave pattern lower that looked to be part of a countertrend move within an A,B,C Elliott wave correction, meaning we maintained a cautious approach on lower moves while above the USD 3,533 Fibonacci support. Below USD 3,533 the depth of the pullback would suggest that the probability of price achieving new highs would start to decrease. Although sell side pressure was on the increase, the move lower looks to be a bullish throwback. We highlight USD 3,597 level as an area of interest, as throwbacks that found support at the previous resistance will signal a change in polarity.
- The futures have sold lower with price failing to find support at USD 3,597; however, having sold to a low of USD 3,535 we are seeing light bid support above the USD 3,533 level. Price is 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 3,591 with the RSI at or above 59 would mean price and momentum are aligned to the buy side. Downside moves that hold at or above USD 3,533 would support a bull argument, below this level the technical will have a neutral bias.
- Technical outlook: Downside moves considered as countertrend.
- The futures are currently holding above the USD 3,533 support, meaning our analysis continues to suggest that this looks to be a bullish throwback, rather than a bearish move. However, if the USD 3,533 support is breached, then the probability of price achieving new highs will begin to decrease. The RSI moving average implies momentum is weak, but while above USD 3,533 our wave analysis suggests caution on lower moves.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	3,504	R1	3,544	RSI above 50	
S2	3,465	R2	3,633.5		
S3	3,411	R3	3,670		

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (53)
- Stochastic is oversold
- Price is below the daily pivot point USD 3,544
- Technical outlook Previously: Pressure point
- Price was in a corrective phase on Friday with Elliott wave analysis suggesting downside moves should be considered as countertrend, providing we held above the USD 3,411 Fibonacci support. Below USD 3,411 the probability of the futures trading to a new high will start to decrease. Based on our wave analysis, caution is warranted on downside moves, as technically we remained vulnerable to another move higher.
- The futures are consolidating 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 3,54 with the RSI at or above 62.5 will mean price and momentum are aligned to the buy side. Downside moves that hold at or above USD 3,411 will support a near-term bull argument, below this level the technical will have a neutral bias.
- Technical outlook. Pressure point
- Price is now in a corrective phase with Elliott wave analysis suggesting downside moves should be considered as countertrend, providing we hold above the USD 3,411 Fibonacci support. We have now entered a pressure point situation between converging support and resistance line (USD 3,520—USD 3,531), meaning near-term directional bias will come from a close and hold outside of the converging lines.