



Base Morning Technical Report

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Metals

(Bloomberg) -- Copper slumped, and other base metals fell, as caution swept through risk assets ahead of key US employment data that could shape expectations for Federal Reserve policy.

After a strong start to this week — including copper's second-highest close on record — metals have headed lower on concerns about the Middle East war and a retreat in technology stocks. The US jobs data due later Friday is expected to show a solid increase, which would bolster expectations for the Fed to raise rates in the next 12 months.

Copper on the London Metal Exchange fell 1.2% to trade at \$13,760 a ton by 11:10 a.m. Shanghai time, while aluminum and zinc both dropped 0.8%.

The unresolved conflicts in the Middle East remain a major headwind for the global economy and metals demand. Progress toward a peace deal between the US and Iran has stalled this week after the Tehran-backed Hezbollah militia rejected a truce in Lebanon.

"Even under our macro team's base-scenario of gradual de-escalation in Middle East tensions by mid-to-late June, risks to metals demand remain skewed to the downside," BMI, a Fitch Solutions company, wrote in an emailed note.

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	13,665	R1	13,867		
S2	13,622	R2	13,935		
S3	13,590	R3	14,015		

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- The RSI is below 50 (43)
- Stochastic is overbought
- Price is below the daily pivot point USD 13,867
- Technical Outlook Previously: Cautious on downside moves.
- We noted yesterday that throwback was finding support at a previous resistance area around the 13,750 level, creating an intraday hammer candle. A single candlestick pattern that has formed at support, it was on low volume and needed to see high volume bullish confirmation candles to confirm an increase in buy-side pressure. Intraday Elliott wave analysis continues to suggest that downside move should be considered as countertrend, providing the USD 13,665 support was not breached. We identified USD 13,939 as a key upside resistance, if rejected it would signal price could be entering a more complex corrective phase.
- The futures held the USD 13,750 area yesterday resulting in price trading above the USD 13,935 resistance. However, we are seeing price coming under pressure this morning with the polarity support that formed yesterday already being tested. 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 13,867 with the RSI at or above 57 will mean price and momentum are aligned to the buy-side. Downside moves that hold at or above USD 13,665 will support a bull argument, below this level will the technical will have a neutral bias.
- Technical Outlook: Inflection point
- The move higher yesterday resulted in polarity support forming, while the move above USD 13,935 resistance implied that the probability of the futures trading to a new low had started to decrease. However, the RSI failed to break its MA resistance, meaning price and momentum failed to become aligned to the buy-side. Sell-side pressure on the open means the polarity support is being tested. This is not a defined level (as illustrated on the chart); however, if we start seeing candles close below USD 13,750 and the trend support at USD 13,669 it will warn that the bullish Elliott wave cycle could fail.

Aluminium Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	3,642	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 below 50 (35)
- Stochastic is oversold
- Price is below the daily pivot point USD 3,674
- Technical outlook Previously: Positive reversal pattern
- Elliott wave analysis continued to suggest that downside moves should be considered as countertrend yesterday, while price was finding support on the Harami pattern from the 28/26 of May. Low volume in the Asian day session meant that we needed to see more from the technical to confirm support was forming. However, we did have a positive reversal pattern in play, meaning we continued to have a cautious approach on lower moves while above USD 3,668.
- The futures faded to produce bull support volume yesterday resulting in price selling below the USD 3,668 support, the positive reversal pattern has now failed. 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 3,674 with the RSI at or above 49.5 would mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 3,735 will leave the futures vulnerable to further tests to the downside, above this level the technical will re-enter bullish territory.
- Technical outlook: neutral
- The depth of the pullback means that the probability of price trading to a new high has started to decrease, suggesting the bullish Elliott wave cycle has a greater chance of failing. With the positive reversal pattern failing we are seeing bearish momentum confirmation, as both price and the RSI have made new lows; countering this, if we move down a timeframe to the 1-hour chart we are seeing a positive divergence with the RSI. This is condition, not a buy signal, but it does mean that we have a note of caution on downside moves at this point. Market sellers should be cautious if price and momentum become aligned to the buyside, as it would warn that the Fibonacci resistance zone could be tested.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	3,542	R1	3,587	Stochastic oversold	RSI below 50
S2	3,521	R2	3,620		
S3	3,487	R3	3,629		

Synopsis - Intraday

Source Bloomberg

- Price is between the EMA support band (Black EMA's)
- RSI is below 50 (45)
- Stochastic is above
- Price is below the daily pivot point USD 3,587
- Technical outlook Previously: Downside moves considered as countertrend
- Although the lower timeframe cycle had completed previously, we maintain our view that downside moves should be considered as countertrend, providing throwbacks held above the USD 3,542 support. A breach of the USD 3,542 level would signal a deep pull-back, warning the probability of price trading to a new high would begin to decrease.
- Price continues to come under pressure with futures trading within the EMA support band, the RSI is below 50 while price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 3,587 with the RSI at or above 55.5 will mean price and momentum are aligned to the buy side. Downside moves that hold at or above USD 3,542 will support a bull argument, below this level the technical will have a neutral bias. We noted that key Fibonacci support is lower as it is adjusted to be in line with the higher timeframe cycle.
- Technical outlook. Downside moves considered as countertrend
- Price has come under pressure in the Asian day session; however, the move lower has been on low volume. Intraday Elliott wave analysis continues to suggest that downside moves should be considered as countertrend while price is above the USD 3,542 support. Below USD 3,542 the probability of price trading to a new high will begin to decrease. Like AI, the 1-hour RSI is in divergence suggesting caution on lower moves at this point.