



# Base Morning Technical Report

[info@freightinvestor.com](mailto:info@freightinvestor.com) | [freightinvestorservices.com](http://freightinvestorservices.com) | (+44) 207 090 1120

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(Bloomberg) -- Copper was on track for its second straight weekly gain as investors looked past potential demand headwinds presented by the mid-week resurgence in fighting in the Middle East.

The metal was little changed on Friday, and up around 1% for the week. Its performance mirrors that of other risk assets, which have recovered losses since the US launched fresh strikes on Iran earlier in the week.

Technical talks between Iran and the US to find a permanent end to their months-long conflict are continuing after two days of clashes, according to a US official. A return to all-out war could see further disruption to global energy supplies through the Strait of Hormuz, which would risk curbing economic growth and demand for industrial commodities like copper.

Copper — which is viewed as a proxy for global growth — has held within a fairly tight trading range since the US and Iran agreed a temporary ceasefire last month. Later Friday, traders will look to US data that could provide the next steer on the Federal Reserve's monetary policy outlook. Higher interest rates typically curb investor demand for non-yielding commodities.

# Copper Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	13,498.5	RSI above 50	Stochastic overbought
S2	R2			
S3	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is above the EMA resistance band (Black EMA's)
- The RSI is above 50 (61)
- Stochastic is overbought
- Price is above the daily pivot point USD 13,419
- Technical Outlook Previously: inflection point
- The futures were testing trend resistance at USD 13,386 yesterday, meaning we are at an inflection point. A close and hold above the resistance line would warn that the USD 13,452—USD 13,482 resistance zone could come under pressure. However, we noted that price was going to need to trade above the USD 13,585 Fibonacci resistance, and hold above the intraday 200-period MA at USD 13,566 to signal genuine buyside pressure. We highlighted this as our Elliott wave analysis continues to suggest that upside moves have the potential to be countertrend. We noted that the upside move in the Asian day session had been on low volume; price needed to see an increase in volume on further upside moves, otherwise we could struggle to hold. Market buyers should act with caution if price failed to close above the rising resistance line at USD 13,586.
- The futures closed above the resistance line and the resistance zone, resulting in price moving higher during the session. Volume was above average levels but not significantly high. We are above all key moving averages supported by the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 13,419 with the RSI at or below 49 would mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 13,585 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technical Outlook: Inflection point
- The technical has moved from one inflection point to another, as price is testing but remains below the intraday 200-period MA at USD 13,563. If we trade above the USD 13,585 resistance, then the probability of the futures trading to a new low would begin to decrease. However, the 200-period MA holds more weight than the Fibonacci resistance, meaning a breach in the USD 13,585 level must be supported by a close and hold above the 200-period MA at USD 13,563. Market bulls should act with caution if we see a significant rejection of the longer-term average, while a close and hold back below the trend support line at USD 13,404 would indicate that sell side pressure is increasing. The close and hold above the USD 13,452—USD 13,482 resistance zone has already signaled that buyside pressure has increased, resulting in the test of the second inflection point. Note: the RSI is seeing bullish momentum confirmation, but the RSI is at 61; from a momentum perspective, failure to hold above 60 would be a warning sign that momentum could weaken. We are cautious on higher moves while at resistance, for upside continuation we need to close and hold above the 200-period MA, breach the USD 13,585 resistance with the RSI holding above 60.

# Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	3,182	R1	3,217.5	RSI above 50	Stochastic overbought
S2	3,154	R2			
S3	3,102	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is above the EMA resistance band (Black EMA's)
- RSI is above 50 (71)
- Stochastic is overbought
- Price is above the daily pivot point USD 3,182
- Technical outlook Previously: Caution on downside moves
- We continued to be cautious on downside moves yesterday due to the divergence and exhaustion pattern highlighted previously. However, the RSI was now at 59, if we fail to close and hold above the 60 level, it would leave price vulnerable to an intraday throwback. If a weakening RSI went on to close and hold below the 40 level, then market bulls should act with caution, as it would signal a further weakening of momentum. Conversely, if the RSI held above the 60 line, and moved above 70, then the momentum push would warn that the technical condition was improving; however, we noted that it was imperative that momentum support was matched by price, meaning we needed to see the futures above the USD 3,207.5 fractal resistance.
- The held above 60 and moved above 70 supported by price moving above the USD 3,207.5 resistance. We are above the EMA support band with the RSI above 50, intraday price and momentum are aligned to the buy-side.
- A close on the 4-hour candle below USD 3,182 with the RSI at or below 58.5 would mean price and momentum are aligned to the sell-side. Upside moves that fail at or below USD 3,379 (revised lower) would signal that the corrective phase is becoming more complex, warning support levels could come under pressure.
- Technical outlook: Buyside pressure increasing
- The fractal break above USD 3,207.5, is supported by the RSI breaching the 70 level, signaling that buyside pressure is increasing. We have seen a rise in volume on the upside move, supporting a buyers argument, warning resistance levels are becoming vulnerable. We identify USD 3,379 as a key level on the technical, as a rejection at or below this level will signal a more complex bearish corrective phase. We continue to be cautious on downside moves at this point; however, caution would be required if the USD 3,102 support is breached, as it will indicate that the technical structure is starting to weaken.

# Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	3,593	R1 3,643	3,610.5	RSI above 50	Stochastic overbought
S2	3,589	R2 3,679			
S3	3,554	R3 3,725			

## Synopsis - Intraday

Source Bloomberg

- Price is above the EMA resistance band (Black EMA's)
- RSI is above 50 (63)
- Stochastic is overbought
- Price is above the daily pivot point USD 3,593
- Technical outlook Previously: Buyside pressure increasing
- We had downside moves as countertrend previously, resulting in price moving higher yesterday. We noted that if we closed and held above the USD 3,603.5 level, then market buyers would look to target the USD 3,643 Fibonacci resistance. We highlighted that volume remained light, for upside moves to be sustained we needed to see higher volumes.
- The futures closed above the USD 3,603.5 resistance, resulting in price trading to a high of USD 3,638. We are above all key moving averages supported by the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 3,593 with the RSI at or below 56 would mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 3,554 would support a buyers argument, below this level the technical will have a neutral bias.
- Technical outlook: Neutral
- From a technical perspective we have bullish momentum confirmation supported by volume, warning that resistance levels remain vulnerable. Countering this, we have a 5 wave pattern higher with price at the 61.8% Fibonacci projection of waves 1 - 3, projected from the low at 4. We also note that wave 3 is shorter than the wave 1. Unless there is some form of bullish Elliott wave extension that is not yet apparent, our wave analysis suggests that we have a maximum potential upside target of USD 3,682.5. Momentum and volume are bullish, our wave analysis implies caution on higher moves at these levels, meaning we are neutral, unless a wave extension becomes apparent.