FIS

Base Morning Technical Report

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Cu

(Bloomberg) -- Copper headed for its highest close since mid-June on signs that supply conditions in China are continuing to tighten.

Prices have ticked higher this month even against a backdrop of simmering geopolitical and macroeconomic uncertainty. A major driver has been a more bullish Chinese market, where inventories are falling, spot premiums are rising and demand has remained relatively steady.

“Copper stockpiles are extremely tight,” said Jia Zheng, a trading manager at Suzhou Chuangyuan Harmony-Win Capital Management Co., referring to inventories in China. “During the off-season, domestic consumption has not declined significantly.”

China’s economy was weaker than expected in the first half, but the government on Monday vowed to achieve its annual growth target and investors are expecting more spending on infrastructure in the second half of the year. That potentially includes construction of data centers and power networks that require copper.

Copper in London was up 0.4% to $13,673 a ton by 1:19 p.m. Shanghai time, poised for its highest close since June 18. Its peers on the London Metal Exchange were also higher, with aluminum up 0.3% and zinc gaining 0.5%

Import premiums for copper on Monday rose to $103 a ton, equaling the highest level since 2024. Those fees are paid on top of exchange prices and are watched closely as a gauge of how hot the copper market is running. Traders are withdrawing copper from the London Metal Exchange to deliver to the Chinese market, according to people familiar with the matter.

Copper Morning Technical (4-hour)

Support		Resistance		Current Price	Bull	Bear
S1	13,595	R1	13,742	13,713.5	RSI above 50	Stochastic overbought
S2	13,585	R2	13,827			
S3	13,499	R3	13,893			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- The RSI is above 50 (64)
- Stochastic overbought
- Price is above the daily pivot point USD 13,585
- Technical Outlook Previously: Caution on upside moves
- Based on our Elliott wave analysis yesterday we continued to be cautious on upside moves, as previous buyside pressure looked to have been a W, X, Y pattern. However, if the USD 13,598 resistance was breached, then the probability of price trading to a new low would begin to decrease, signaling an increase in buyside pressure. On the sell-side, the futures looked to be in the process of rejecting the USD 13,598 level, and the 200-period MA at USD 13,544; if price and momentum became aligned to the sell-side, or we closed below the low of the last dominant bull candle at USD 13,479, it will warn of technical weakness. Although the RSI had held the 40 level, we remained below 60, meaning the RSI was seeing support, but it was yet to signal that momentum pressure was increasing. We needed to see more from the technical if we are to follow the W, X, Y pattern lower.
- The downside move in the futures on the open yesterday failed to hold, resulting in price traded above the USD 13,708.5 fractal 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 13,585 with the RSI at or below 53 would mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 13,449 would support a bull argument, below this level the technical will have a neutral bias
- Technical Outlook: buyside pressure increasing.
- The upside move to a new high means we are looking at bullish impulse, as our W, X, Y pattern has failed. The new high means that we have a minor negative divergence in play, this is a condition, not a sell signal, but it will need to be monitored. Based on Fibonacci projection levels, we have a potential upside target at USD 13,827. Throwbacks that hold at or above USD 13,595 will support a buyer's argument, suggesting further upside within the cycle; conversely, if breached, then the probability of the futures trading to a new high will begin to decrease.

Aluminium Morning Technical (4-hour)

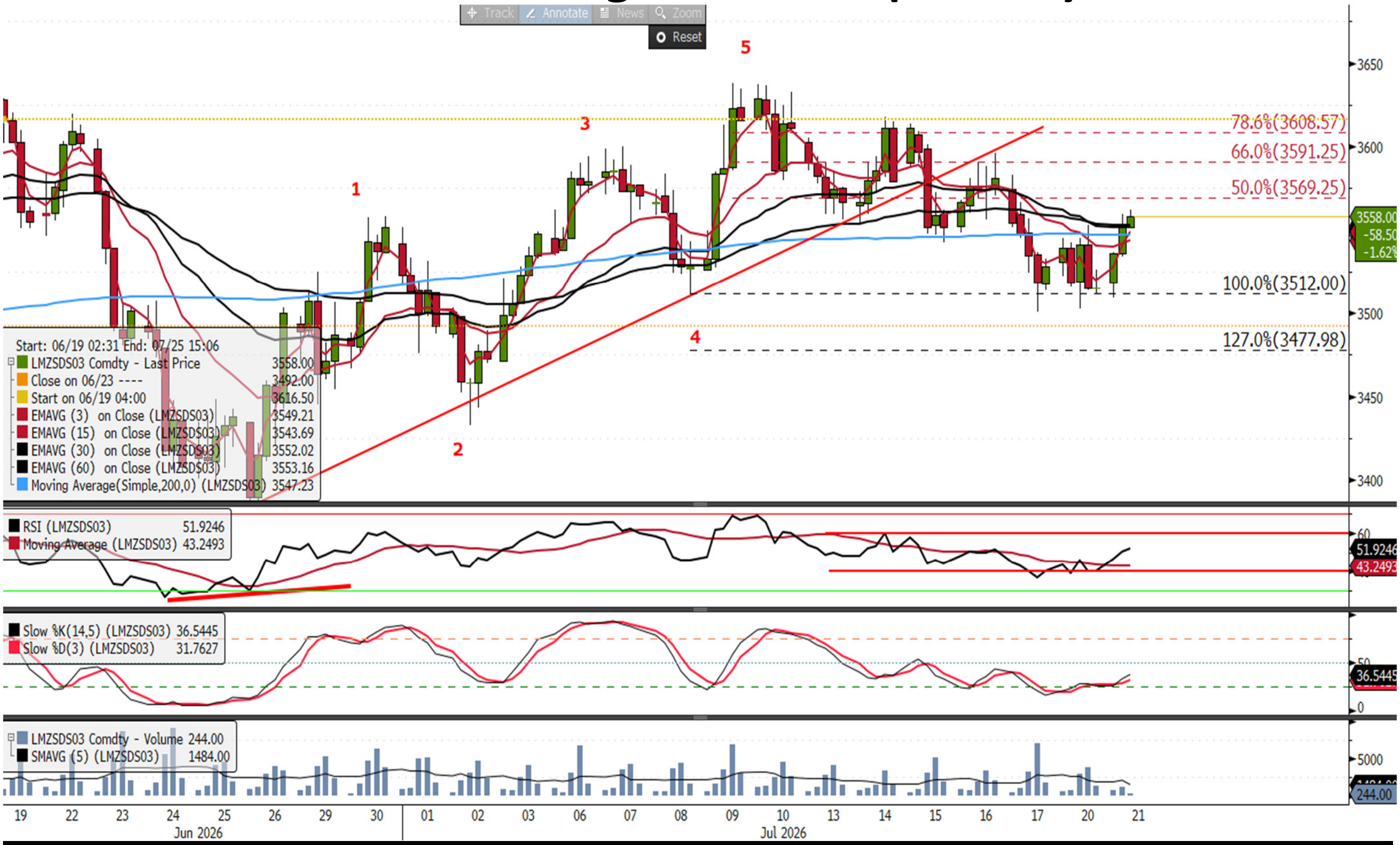
Support		Resistance		Current Price	Bull	Bear
S1	3,147	R1	3,174	3,157		
S2	3,132	R2	3,185			
S3	3,102	R3	3,232			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is at 50 (50)
- Stochastic is below 50
- Price is above the daily pivot point USD 3,147
- Technical outlook Previously: inflection point
- Although price remained below the trend support and the EMA resistance band yesterday, we were still yet to see an increase in sell side pressure at that point. We did have negative velocity and negative acceleration; however, the RSI was still above the 40 level. For downside continuation, we would need to see a convincing move away from the support line with the RSI holding below the 40 level. Conversely, a close above the support line at USD 3,173, and the daily 200-period MA at USD 3,183 would suggest buyside pressure was on the increase. We maintained a cautious approach to higher moves at that point, as the trend trajectory remained weak, while the RSI was failing to test the 60-level.
- A small test to the downside failed to hold yesterday, resulting in price seeing light bid support this morning. We are below the EMA resistance band with the RSI neutral at 50, intraday price and momentum are aligned to the buy side.
- A close on the 4-hour candle below USD 3,147 with the RSI at or below 45.5 would mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 3,379 would signal that the corrective phase was becoming more complex, warning support levels could come under pressure.
- Technical outlook: Neutral
- The failed downside test has failed to hold, creating a descending triangle pattern. The downside move yesterday resulted in the RSI holding the 40 level, signaling that momentum remains supported; market sellers will now need to see a close and hold below the base of the triangle at USD 3,120, supported by the RSI moving below 40. Conversely, for upside continuation, price will need to close and hold above both the falling trend resistance line at USD 3,174, and the daily 200-period MA at USD 3,185. Note: the rising trend resistance line is also at USD 3,185. Neutral.

Zinc Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	3,547	R1	3,569	3,558	RSI above 50	
S2	3,525	R2	3,591			
S3	3,512	R3	3,608			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA resistance band (Black EMA's)
- RSI is above 50 (51)
- Stochastic is below 50
- Price is above the daily pivot point USD 3,525
- Technical outlook Previously: Weakening
- The futures had closed below the intraday 200-period MA at USD 3,547 and breached the USD 3,512 fractal low previously; however, for downside continuation, we needed to hold below the average with the RSI holding below the 40 level. If we did, then the USD 3,500.5 fractal low, and the USD 3,477 Fibonacci support would become vulnerable. Market sellers should act with caution on a close and hold above the intraday 200 period MA. The RSI was at the 40 level, meaning it was at an inflection point.
- The downside move failed to hold yesterday with the RSI finding support at the 40 level, resulting in price moving higher. We are above all key moving averages while the RSI is near-neutral at 51, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 3,525 with the RSI at or below 41 would mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 3,591 will leave price vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technical outlook: Momentum support
- We are seeing evidence of momentum support as the RSI has held the 40 level while price has reclaimed the intraday 200-period MA at USD 3,547. If we hold above the longer-term average then the USD 3,591 resistance could be tested and broken; if it is, then the probability of price trading to a new low will start to decrease. Conversely, a rejection of the USD 3,591 level will warn of technical weakness. The momentum support in conjunction with the move above the 200—Period MA does suggest that resistance could be tested.