# Base Morning Technical Report

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Metals

(Bloomberg) -- Base metals fluctuated at the end of the week as the threat of an escalating conflict in the Middle East — and more turbulence for the global economy — kept a lid on optimism.

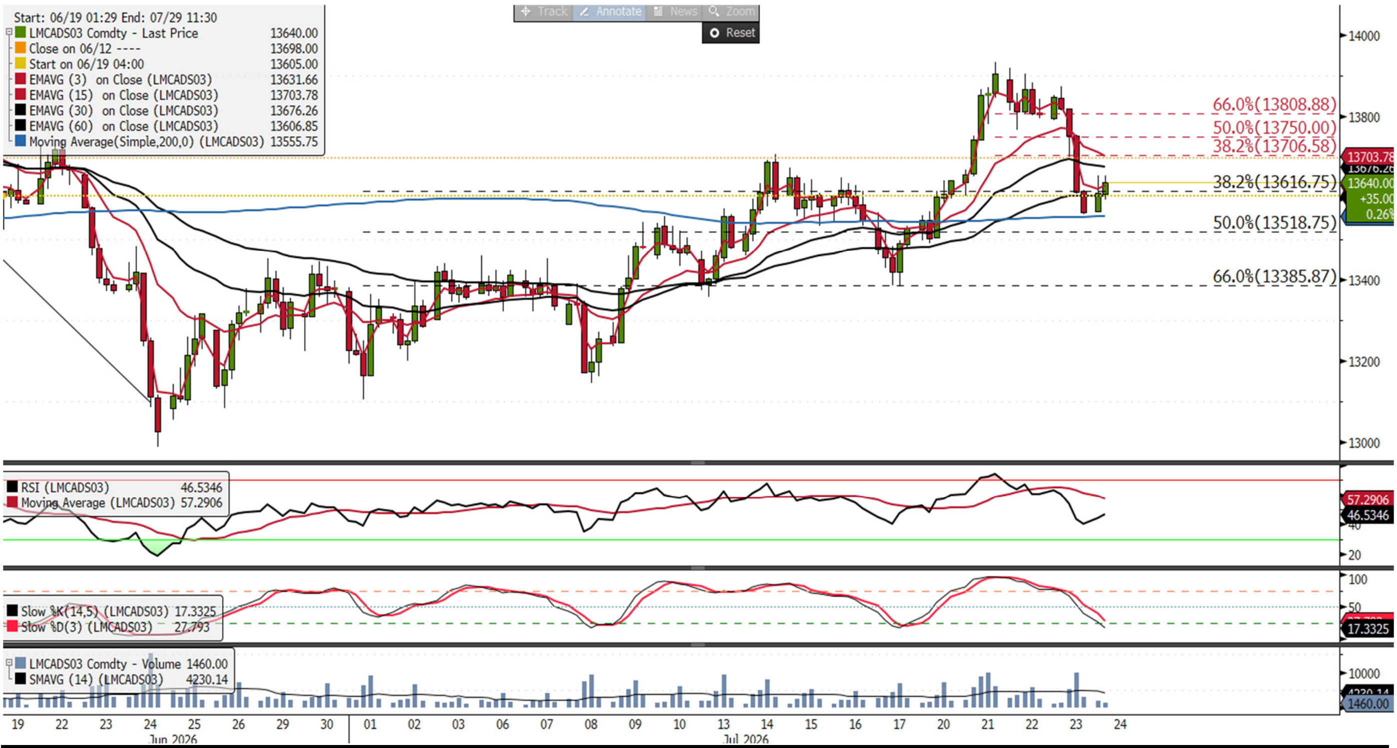
While copper, aluminum and zinc are all heading for weekly gains, trading has been cautious in recent days after Iran-backed Houthi rebels in Yemen attacked vessels in the Red Sea. The widening conflict sent Brent crude back above $100 a barrel, potentially fueling inflation that may trigger higher interest rates.

“The metals complex has been relatively weak in July as ongoing military skirmishes in the Middle East generate fresh uncertainty for the global economy,” according to a note from BMI, a unit of Fitch Solutions. “This has reduced the prospect of near-term rate cuts and raised the risk of a stronger US dollar and higher bond yields.”

Metals are torn between the geopolitical uncertainty and signs that demand is running ahead of supply. Copper is still up around 10% this year on the London Metal Exchange, helped by a big outflow to the US and some supply pressure in China. The metal neared $14,000 a ton earlier in the week.

Copper was was 0.2% higher at $13,616 a ton by 11:23 a.m. Shanghai time, while aluminum fell 0.5% and zinc was down 0.2%.

# *Copper Morning Technical (4-hour)*




| Support | | Resistance | | Current Price | Bull | Bear |
|---|---|---|---|---|---|---|
| S1 | 13,616 | R1 | 13,676 | 13,640 | | RSI below 50 |
| S2 | 13,555 | R2 | 13,706 | | | |
| S3 | 13,518 | R3 | 13,750 | | | |

**Synopsis - Intraday**

Source Bloomberg

- Price is between the EMA support band (Black EMA's)
- The RSI is below 50 (46)
- Stochastic below 50
- Price is below the daily pivot point USD 13,676
- Technical Outlook Previously: Downside moves considered as countertrend
- The futures had entered a small corrective phase yesterday; however, our lower timeframe (and higher timeframe) Elliott wave analysis suggested that downside moves should be considered as countertrend, providing we held above the USD 13,569 support. Throwbacks the traded below USD 13,569 would warn that the probability of price trading to a new high had started to decrease, warning the futures were entering a higher timeframe corrective phase. At this point, resistance was still considered as vulnerable; we noted that upside moves above USD 13,934 would create a negative divergence with the RSI, implying caution on upside breakouts while the divergence was in play.
- The futures have sold below the USD 13,569 support buy held the 200-period MA at USD 13,555. We are between the 8-21 period EMA's supported by the RSI below 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 13,676 with the RSI at or above 59.5 would mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 13,385 would support a bull argument, below this level the technical will have a neutral bias
- Technical Outlook: Downside moves considered as countertrend
- Yesterday's sell off on high volume has resulted in the USD 13,569 support being breached, suggesting we are in a higher timeframe corrective phase. Upside moves that fail at or below the USD 13,808 resistance would suggest that the corrective phase is becoming complex, warning support levels could come under further pressure. For downside continuation we will need to close and hold below the daily 200-period MA at USD 13,555: if we do, then the market sellers will look to test the USD 13,385 support. We identify USD 13,385 as the key longer-term support on the technical, throwbacks that hold above this level will support a higher timeframe bullish Elliott wave cycle. If breached, the technical would be considered as neutral.

# Aluminium Morning Technical (4-hour)

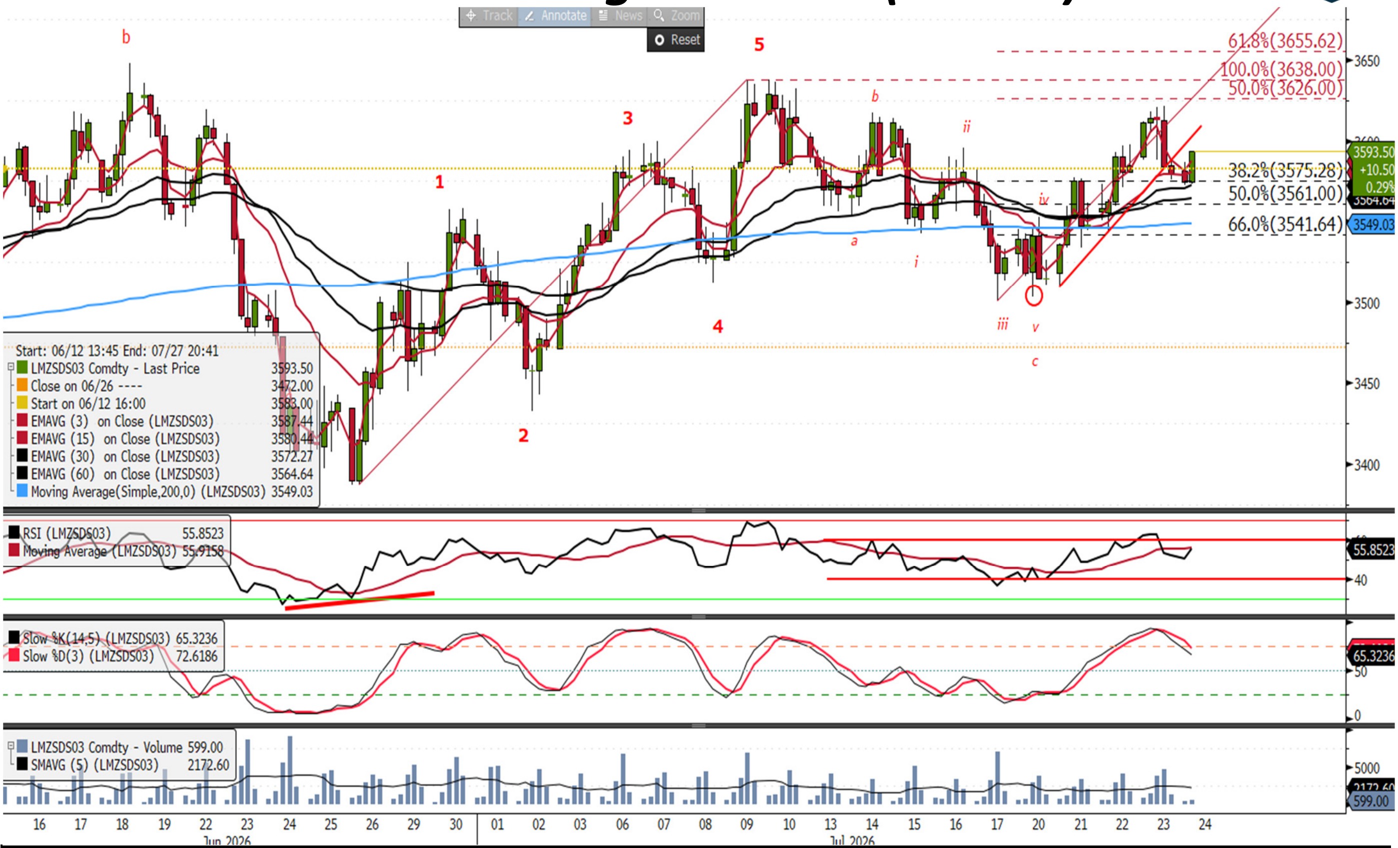
| Support | | Resistance | | Current Price | Bull | Bear |
|---|---|---|---|---|---|---|
| S1 | 3,153 | R1 | 3,191 | 3,181 | RSI above 50 | |
| S2 | 3,132 | R2 | 3,197 | | | |
| S3 | 3,120 | R3 | 3,214 | | | |

**Synopsis - Intraday**

Source Bloomberg

- Price is above the EMA resistance band (Black EMA's)
- RSI is at 50 (52)
- Stochastic is above 50
- Price is below the daily pivot point USD 3,191
- Technical outlook Previously: Neutral
- We noted yesterday that on the buyside we had broken the ascending triangle to the upside with the RSI moving above 60, we had also seen a marginal close above the daily 200-period MA; however, it was not a convincing close at that point. On the sell side, we lacked volume support, indicating the break lacked conviction, meaning we needed to see buyside volume increase. If we close and hold above the rising trend resistance at USD 3,208.5 it would further support a buyers argument, as would a throwback that held the top of the ascending triangle at USD 3,160. We had a breakout and momentum support, but lacked volume support, meaning we needed to see more upside to clear the daily 200 MA on increased volume, if we did, it would signal an increase in buyside pressure.
- The futures rejected the USD 3,208.5 resistance line (resistance now at USD 3,214) resulting in a small move lower. We are 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 3,191 with the RSI at or above 58.5 would mean price and momentum are aligned to the buyside. 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
- A conflicting technical today as price remains above the ascending triangle breakout at USD 3,153. Countering this, the RSI has failed to hold above the 60 level or the daily 200-period MA at USD 3,192, while volume remains low. This technical is currently neutral due to the mixed signals.

# *Zinc Morning Technical (4-hour)*




| Support | | Resistance | | Current Price | Bull | Bear |
|---|---|---|---|---|---|---|
| S1 | 3,575 | R1 | 3,594 | 3,593.5 | RSI above 50 | Stochastic overbought |
| S2 | 3,561 | R2 | 3,602 | | | |
| S3 | 3,549 | R3 | 3,626 | | | |

**Synopsis - Intraday**

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (55)
- Stochastic is overbought
- Price is below the daily pivot point USD 3,594
- Technical outlook Previously: Buyside pressure increasing.
- With price breaching the USD 3,591 resistance yesterday it suggested that the failed swing low on the 20/07/26 at USD 3,503 was the completion of the corrective wave C (marked with a red circle). The probability of price trading to a new low had started to decrease, signaling an increase in buyside pressure; bullish momentum confirmation implied that downside moves should be considered as countertrend, providing throwbacks hold above the USD 3,559 support. A close and below the trend support line at USD 3,573 would warn that intraday price was entering a corrective phase.
- The futures have entered a corrective phase with price closing below the trend support line at USD 3,602. We remain 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 3,594 with the RSI at or above 58 would mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 3,541 would support a bull argument, below this level the technical will have a neutral bias.
- Technical outlook: Downside moves considered as countertrend
- The close below the trend support line at USD 3,602 signals that intraday price has entered a corrective phase; however, based on the upside move previously downside moves should be considered as countertrend, providing we hold above the USD 3,541 support. Below USD 3,541 the probability of price trading to a new high will begin to decrease. At this point, the technical will be considered as neutral, due to price breaking key support and resistance levels in close proximity.