# FIS Base Morning Technical Report

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(Bloomberg) -- Copper held the biggest loss in more than three weeks after significant deliveries to London Metal Exchange warehouses, easing a historic squeeze.

Readily available inventories jumped the most since April, adding more than 20,000 tons on Tuesday. Trafigura Group was behind a notable share of the metal, Bloomberg News reported, while other traders were also arranging to bring copper onto the exchange.

Benchmark three-month copper futures on the LME fell as much as 0.5% before paring losses to trade at $13,933.50 a ton as of 3:11 p.m. in Shanghai. That followed a decline of 1.2% on Tuesday, which was the biggest one-day drop since July 23.

Read More: Historic Copper Squeeze Eases as Traders Deliver Metal to LME

The arrival of copper in LME warehouses relieves some pressure after stockpiles with the bourse were drained by a surge in shipments to the US. That crunch was driven largely by an arbitrage trade in anticipation of import tariffs, but a deadline for the US Commerce Department's recommendation to President Donald Trump passed in June with no announcement from the White House.

In China, refined copper output fell 1.3% on year to 1.285 million tons in July, as smelter maintenance and a lack of raw material constrained production, leading to tightness in the domestic spot market. However, that pressure is now abating as a favorable import arbitrage encourages more metal to flow into China.

In another sign the supply crunch was easing, the closely watched spread between copper for immediate and three month's out delivery dropped to $248 a ton Tuesday from a backwardation of as much as $545 on Monday. Another key one-day price spread known as Tom/next also fell, after spiking to levels last seen during a major squeeze in 2021.

# *Copper Morning Technical (4-hour)*


| Support | | Resistance | | Current Price | Bull | Bear |
|---|---|---|---|---|---|---|
| S1 | 13,844 | R1 | 14,039 | 13,964 | Stochastic oversold | RSI below 50 |
| S2 | 13,738 | R2 | 14,098 | | | |
| S3 | 13,686 | R3 | 14,155 | | | |

**Synopsis - Intraday**

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- The RSI is below 50 (38)
- Stochastic is overbought
- Price is below the daily pivot point USD 14,039
- Technical Outlook Previously: negative divergence
- We noted on Monday that the move to a new high on the open had created a negative divergence with the RSI; this was a condition that warned that we could see a momentum slowdown. On the buyside, lower timeframe Elliott wave analysis does suggest that downside moves should be considered as countertrend, providing the USD 13,844 Fibonacci support was not breached. If it was, then the probability of price trading to a new high would begin to decrease. The divergence suggested caution on higher moves in the near-term.
- The futures have entered a corrective phase on the divergence with price USD 375 lower. 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 14,039 with the RSI at or above 39.5 would mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 13,844 would support a bull argument, below this level the technical will have a neutral bias
- Technical Outlook: Downside moves considered as countertrend.
- The futures look to be in a corrective Elliott wave A, implying that an intraday upside move in the near-term could potentially struggle to hold, warning that there could be further downside within the corrective phase to follow. The RSI moving average is warning of momentum weakness with USD 13,844 the key support to follow. If breached, then the depth of the pullback will warn that the probability of price trading to a new high will begin to decrease; conversely, a move above USD 14,232 will signal an increase in buyside pressure.

# Aluminium Morning Technical (4-hour)

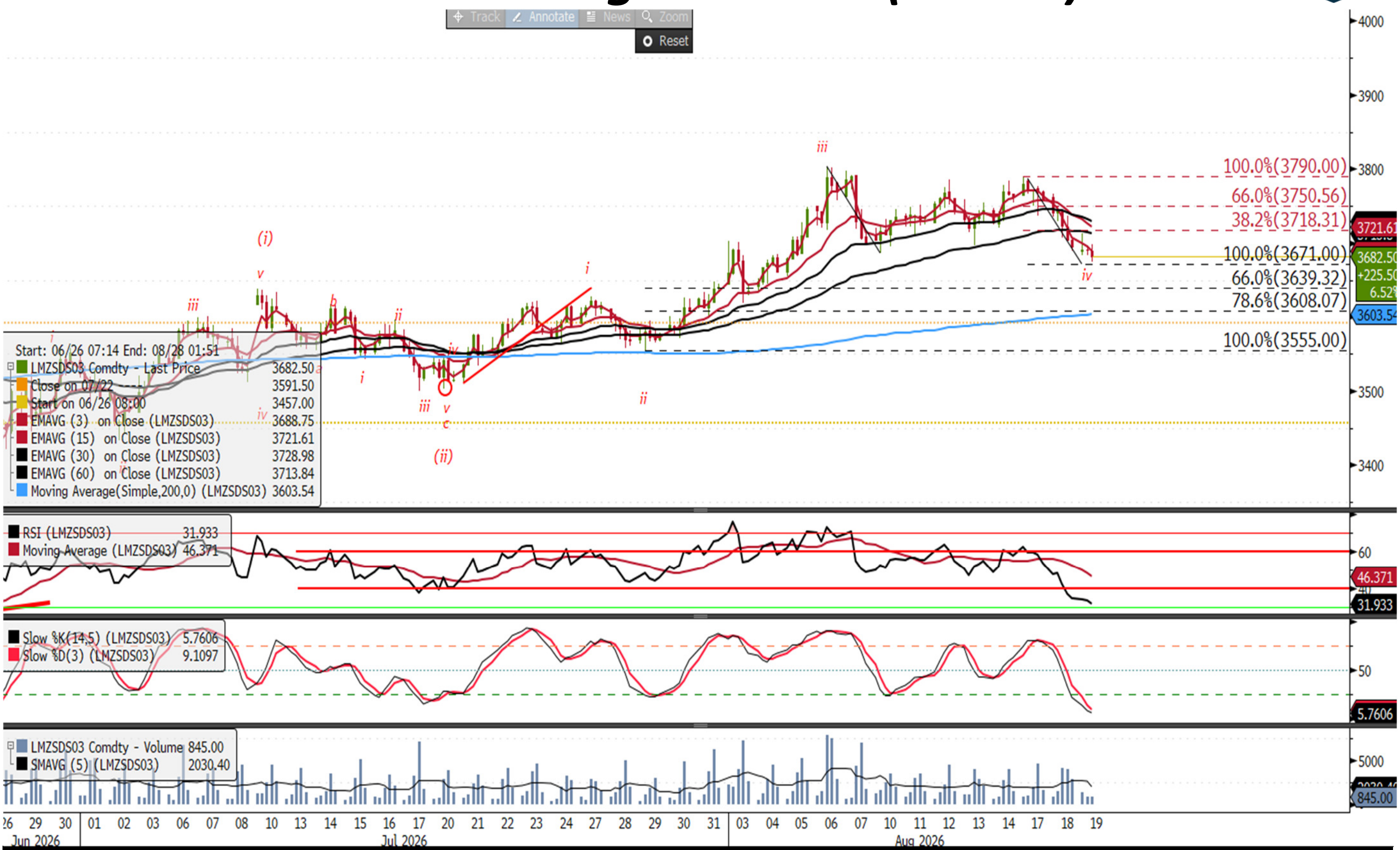

| Support | | Resistance | | Current Price | Bull | Bear |
|---|---|---|---|---|---|---|
| S1 | 3,209 | R1 | 3,233 | 3,217 | Stochastic oversold | RSI below 50 |
| S2 | 3,188 | R2 | 3,273 | | | |
| S3 | 3,176 | R3 | 3,294 | | | |

**Synopsis - Intraday**

Source Bloomberg

- Price is between the EMA resistance band (Black EMA's)
- RSI is below 50 (38)
- Stochastic is oversold
- Price is below the daily pivot point USD 3,233
- Technical outlook Previously: caution on upside moves while below USD 3,329
- We noted previously that although the futures had traded at a high of USD 3,384.5 we continued to see conflicting signals, as price remains below the longer-term resistance at USD 3,533, meaning the upside move still had the potential to be countertrend. On the sell side, the RSI had breached the 40 level, warning of momentum weakness, making USD 3,329 the key near-term resistance to follow. Upside moves that rejected this level, coupled with the RSI failing to breach and hold above the 60 level would imply support levels remain vulnerable. Conversely, throwbacks that hold above the USD 3,209 level with the RSI holding above 40 would imply momentum support.
- The futures have traded at a new low within the corrective phase. 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 3,233 with the RSI at or above 44.5 would mean price and momentum are aligned to the buyside.
- Technical outlook: Caution on downside moves
- The move below the USD 3,209 support means that the technical condition has started to deteriorate, warning the 3-wave move lower has the potential to be part of a larger correct phase, making USD 3,323 the key near-term resistance to follow. We have a cautious approach to downside moves today, as the RSI is divergent while the intraday 200-period MA is at USD 3,188, leaving the futures vulnerable to intraday support. However, if we see a sustained close below the daily 200-period MA at USD 3,230, it could potentially trigger further selling pressure within the current corrective 3-wave pattern. The intraday divergence implies caution on lower moves, if the RSI reclaims and holds the 40 level it will warn of momentum support in the market.

# Zinc Morning Technical (4-hour)




| Support | | Resistance | | Current Price | Bull | Bear |
|---|---|---|---|---|---|---|
| S1 | 3,671 | R1 | 3,716 | 3,682.50 | Stochastic oversold | RSI below 50 |
| S2 | 3,639 | R2 | 3,718 | | | |
| S3 | 3,608 | R3 | 3,750 | | | |

**Synopsis - Intraday**

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (31)
- Stochastic is oversold
- Price is below the daily pivot point USD 3,716
- Technical outlook Previously: Downside moves considered as countertrend
- Fibonacci projection levels suggested that we had a potential upside target at USD 3,873 for this phase of the cycle. Elliott wave analysis implied that downside moves should be considered as countertrend, providing throwbacks hold above the USD 3,639 support. Below USD 3,639 the probability of price trading to a new high would begin to decrease.
- The futures remain in a corrective phase with price trading below the USD 3,697.5 fractal support. 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 3,716 with the RSI at or above 48.5 would mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 3,639 would support a bull argument, below this level the technical will have a neutral bias.
- Technical outlook: Downside moves considered as countertrend.
- The failure to trade to a new high is warning that we could be looking at a flat corrective phase corrective phase (wave structure 3-3-5), making USD 3,671 a point of interest for market buyers, as wave A and B are at equilibrium. For this reason, we are cautious on lower moves in the near-term.