FIS

Base Morning Technical Report

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(Bloomberg) -- Copper has been on a record-breaking tear in the past year, driven largely by tariff-related trade flows. Bullish investors are betting that flatlining mine supply will drive prices even higher.

A string of disappointing results is undermining expectations that global mine supply would post at least modest growth this year. International Copper Study Group data show output fell 1.1% in the first half, with major producers Codelco and Freeport-McMoRan Inc. posting double-digit declines. Morgan Stanley, which entered the year expecting mine supply to expand, now sees it little changed or slightly lower, raising the prospect of the first annual decline since 2017.

That would be a striking outcome — copper trading near record highs should encourage miners to maximize output. Deteriorating ore quality, accidents, project setbacks and extreme weather are frustrating those efforts, and fueling concerns about whether supply can keep pace with demand as electrification gathers pace over the coming years.

For now, there's no global shortage of refined copper, metal that has been fully processed after being dug out of the ground or recycled. Speculation about a potential US tariff on refined imports has drawn record volumes into US-based warehouses, while supplies elsewhere have grown tighter. That distortion may prove temporary, but mine-supply constraints are not, and bulls are betting those limitations will ultimately drive prices higher.

Copper Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	14,300	R1	14,441	14,340	RSI above 50	
S2	14,271	R2	14,600			
S3	14,211	R3	14,802			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- The RSI is at 50 (56)
- Stochastic above 50
- Price is above the daily pivot point USD 14,300
- Technical Outlook Previously: Supported
- Neutral yesterday, the move lower had halted due to the RSI holding the 40 level, this had been followed by a dominant high volume intraday bull candle that had closed above the USD 14,164.5 level. If the futures traded above the USD 14,322 resistance, then the probability of price trading at a new low would start to decrease; conversely, a close and hold below the USD 14,164.5 level would leave the USD 13,993 support vulnerable. We were seeing evidence of support in the market; however, more upside was needed to signal bullish continuation.
- The futures remain supported with price now trading above the USD 14,322 resistance. 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 14,300 with the RSI at or below 47.5 would mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 14,271 will support a bull argument, below this level would suggest that sell side pressure is increasing.
- Technical Outlook: Supported
- Having held above the USD 14,164.5 level the futures have now broken the USD 14,322 resistance, indicating that the probability of the futures trading to a new low has started to decrease, this supports a near-term bull argument. On the sell-side, the RSI is finding resistance at the 60 level, for upside continuation we need to close and hold above this level. Throwbacks below USD 14,271 would imply sell side pressure is increasing, while a breach in the USD 14,211 fractal support would indicate price is corrective, signaling a complex Elliott wave correction. We remain supported, price has broken key intraday resistance, while the RSI has broken it's trend resistance. However, we can see from the chart that RSI failures around the 60 level usually result in intraday moves lower.

Aluminium Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	3,282.5	R1	3,314	3,303	RSI above 50	Stochastic overbought
S2	3,277	R2	3,340			
S3	3,261	R3	3,384			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (61)
- Stochastic is overbought
- Price is below the daily pivot point USD 3,307
- Technical outlook Previously: Supported
- We noted yesterday that on the buyside we had see an intraday move higher with volume support that had resulted in the RSI moving above the 60 level. On the sell side, we had lacked upside momentum in the Asian day session with price producing a small rejection candle below our key resistance at USD 3,314. Price was supported and above the daily 200-period MA at USD 3,249; however, we were yet to see an increase in buyside intensity and remained below the USD 3,314 resistance. For upside continuation, we were going to need to see a sustained move that held above the USD 3,314 support, as the move higher was looking like an A-B-C structure. Market bulls should act with caution if the RSI failed to hold above the 60 level.
- The futures continue to see bid support with the USD 3,314 resistance now breached. The futures remain supported on the open, we are above all key moving averages with the RSI above 50, intraday price and momentum are aligned to the buyside, as the previous candle closed above the daily pivot level.
- A close on the 4-hour candle below USD 3,307 with the RSI at or below 59 would mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 3,239 would indicate underlying support, implying the move higher is bullish impulse.
- Technical outlook: Supported
- The upside moves above the USD 3,314 resistance means that the probability of price trading at a new low has started to decrease. However, as highlighted in the Mid-Day report yesterday, we have question regarding the move higher due to the daily wave overlap, as the July high was breached during the August pullback, warning the move higher might be part of a larger corrective phase, rather than bullish. Based on the waver overlap, we are marking this upside move as A-B-C, with C producing a 5-waves within C. If our count is wrong, then throwbacks should hold above the USD 3,239 Fibonacci support. Although price is supported, we are cautious on higher moves at this point.

Zinc Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	3,890	R1	3,990	3,913	RSI above 50	
S2	3,856	R2	4,025			
S3	3,817	R3	4,075			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (55)
- Stochastic is below 50
- Price is above the daily pivot point USD 3,890
- Technical outlook Previously: Caution on downside breakouts
- We noted yesterday that if this was a flat Elliott wave correction, then our lower timeframe wave count suggested that the USD 3,840.5 support was vulnerable in the near-term. However, a downside breakout would complete a lower timeframe 5-wave pattern, warning the corrective phase had potentially completed, meaning breakouts to new lows should be treated with caution. Intraday upside moves above USD 3,951 would signal an increase in buyside pressure, warning we could be in the early stages of a new bull phase.
- The futures traded at a low of USD 3,845.5 before seeing bid support. 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 3,890 with the RSI at or below 48 would mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 3,765 would support a longer term bull argument bull argument.
- Technical outlook: Supported
- The futures failed to trade below the USD 3,840.5 fractal low; however, we did produce a lower timeframe 5-wave pattern that has been followed by a move higher. We are seeing warning signs that the corrective phase may have completed. We mark USD 3,951 as a level of interest, as a intraday move that breaches USD 3,951 would suggest buyside pressure is increasing.