FIS

Base Morning Technical Report

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(Dow Jones) -- 0800 GMT - Copper prices rise in early European trading despite growing expectations that the Federal Reserve will raise interest rates this month, weighing on the demand outlook for metals. Three-month futures on the London Metal Exchange are up 0.4% to $14,439 a metric ton, supported by continued supply concerns. Global copper output fell in the first half of the year and major producers such as Codelco and Freeport reporting sharp declines, ANZ analysts say, citing data from the International Copper Study Group. Chile has been a key drag, with production hitting its lowest second-quarter level in at least 19 years and the country cutting its annual output forecast for a second consecutive quarter. Meanwhile, concerns over potential U.S. import tariffs are drawing more copper toward the U.S., further tightening supply elsewhere.

Copper Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	14,370	R1	14,441	14,404.5	RSI above 50	Stochastic overbought
S2	14,281	R2	14,600			
S3	14,055	R3	14,802			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- The RSI is at 50 (60)
- Stochastic overbought
- Price is above the daily pivot point USD 14,370
- Technical Outlook Previously: Supported
- We noted on Friday, having held above the USD 14,164.5 level the futures had broken the USD 14,322 resistance, indicating that the probability of the futures trading to a new low had 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.
- 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 14,370 with the RSI at or below 53.5 would mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 14,281 will support a bull argument, below this level would suggest that sell side pressure is increasing.
- Technical Outlook: Supported
- The futures remain supported having breached the USD 14,322 resistance, resulting in price trading at new highs. We have bullish momentum confirmation but the RSI is now at 60, for upside continuation, the RSI will need to close and hold above this level. Technically supported, resistance levels are vulnerable.

Aluminium Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	3,277	R1	3,314	3,296.5	RSI above 50	
S2	3,261	R2	3,340			
S3	3,239	R3	3,384			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (56)
- Stochastic is above 50
- Price is on/below the daily pivot point USD 3,297.5
- Technical outlook Previously: Supported
- We noted on Friday that the upside move above the USD 3,314 resistance meant that the probability of price trading at a new low had started to decrease. However, as highlighted in the Mid-Day report, we had questions 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 wave overlap, we were marking this upside move as A-B-C, with C producing a 5-waves within C. If our count was wrong, then throwbacks should hold above the USD 3,239 Fibonacci support. Although price was supported, we were cautious on higher moves at that point.
- The futures remain supported having seen an intraday pullback. We are above all key moving averages with the RSI above 50, intraday price and momentum are conflicting, as the previous candle closed above the daily pivot level.
- A close on the 4-hour candle above USD 3,307 with the RSI at or above 63 would mean price and momentum are aligned to the buyside; likewise, a close below this level will mean is is 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 futures remain supported with price holding above the EMA support band and the Fibonacci support zine at this point. The RSI is starting to find resistance around the 60 level; if rejected, it will warn that support levels could come under pressure. As highlighted previously, we have this marked as an A,B,C due to a wave overlap on the daily timeframe; however, market sellers should act with caution if the RSI reclaims the 60. Although supported, we maintain a note of caution on higher moves at this point despite the move above the USD 3,314 resistance.

Zinc Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	3,935	R1	3,990	3,976	RSI above 50	Stochastic overbought
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 (60)
- Stochastic is overbought
- Price is above the daily pivot point USD 3,935
- Technical outlook Previously: Supported
- We noted on Friday that the futures had failed to trade below the USD 3,840.5 fractal low; however, we had produced a lower timeframe 5-wave pattern that had been followed by a move higher. We were seeing warning signs that the corrective phase may have completed. We marked USD 3,951 as a level of interest, as an intraday move that breached USD 3,951 would suggest buyside pressure was increasing.
- The futures have traded above the USD 3,951 level, signaling buyside pressure is increasing. We are above all key moving averages with the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 3,935 with the RSI at or below 53.5 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: Buyside pressure increasing
- The move above the USD 3,951 resistance indicates buyside pressure is increasing, warning resistance levels remain vulnerable. Lower timeframe Elliott wave analysis suggests that downside moves should still be considered as countertrend, while the RSI has reclaimed the 60 level. Market bulls should act with caution on moves below the USD 3,902.5 support, as it will warn that market sellers are in control.