FIS

Base Morning Technical Report

info@freightinvestor.com | freightinvestorservices.com | (+44) 207 090 1120

Metals

(Bloomberg) -- Copper slumped more than 3% in London after a news report showed that inflation concerns mean that a US government decision on whether to impose tariffs on the metal has stalled.

Prices for the industrial metal had hit a fresh record of $14,875 a ton earlier in the session. Expectations that the US may adopt import duties on refined metal has fueled a sharp rally this year.

Delays on a tariff decision come as US officials weigh concerns that higher prices for the red metal could raise manufacturing costs against the potential benefits of encouraging more domestic mining, Reuters reported on Thursday, citing two unidentified people familiar with the matter.

The hesitation comes as the Trump administration becomes increasingly focused on affordability ahead of the November midterm elections, the report said.

“As the market has been very long already, the headline of US not having a decision on copper tariff yet has triggered a sell-off, but it is a non-news, it does not provide new, concrete insight on 232 policy decisions,” said Alice Fox, commodities strategist, Macquarie Group.

President Donald Trump’s stance on tariffs has been a key point of uncertainty in the copper market. Traders have diverted hundreds of thousands of tons to the US since he first formally proposed tariffs in February last year, leaving the rest of the world starved of supply and providing strong support for global benchmark prices on the London Metal Exchange.

The global copper market is also faced with a long-term supply-demand imbalance as ageing mines are struggling to keep pace with growing consumption from data centers, renewable energy and power grids, a dynamic copper bulls have touted for years.

The knee-jerk reaction to the tariff news saw the price premium that Comex copper has persistently held against its LME counterpart briefly flip to a discount as the selloff in New York was more pronounced than in London.

Copper Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	14,256	R1	14,418	14,325	Stochastic oversold	RSI below 50
S2	14,092	R2	14,425			
S3	14,059	R3	14,511			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- The RSI below at 50 (42)
- Stochastic oversold
- Price is below the daily pivot point USD 14,418
- Technical Outlook Previously: negative divergence
- The upside move yesterday had resulted in a negative RSI divergence, while the RSI remains below its trend support line, implying caution on upside moves. Downside moves that closed below the trend support line at USD 14,607 would signal that sell side pressure was weakening, leaving support levels vulnerable. Our Elliott wave analysis suggested that there remains a larger bull cycle in play at that point, warning downside moves still had the potential to be countertrend. Throwbacks that held at or above USD 14,352 would support a bull argument, below this level the technical would have a neutral bias.
- The futures sold below the USD 14,352 support due to the report on US tariff cost worries. 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 14,418 with the RSI at or above 60 would mean price and momentum are aligned to the buyside. Upside moves that fail at or below the USD 14,627 resistance will leave price vulnerable to further tests to the downisde.
- Technical Outlook: neutral
- The move below the USD 14,352 support means that the intraday technical is considered neutral. If the USD 14,092 is breached, then the it would suggest that we have entered the higher timeframe corrective phase; conversely, upside moves above USD 14,627 would indicate price has re-entered bullish territory. The depth of the pullback would suggest that upside moves could struggle to hold; however, the move lower has not been technically driven. The RSI is at 42, if we start to see support above 40, then the momentum support would suggest we could see an intraday move higher. The caveat, for upside continuation, the RSI will need to reclaim the 60 level, failure to do so would warn of further downside in this corrective phase.

Aluminium Morning Technical (4-hour)



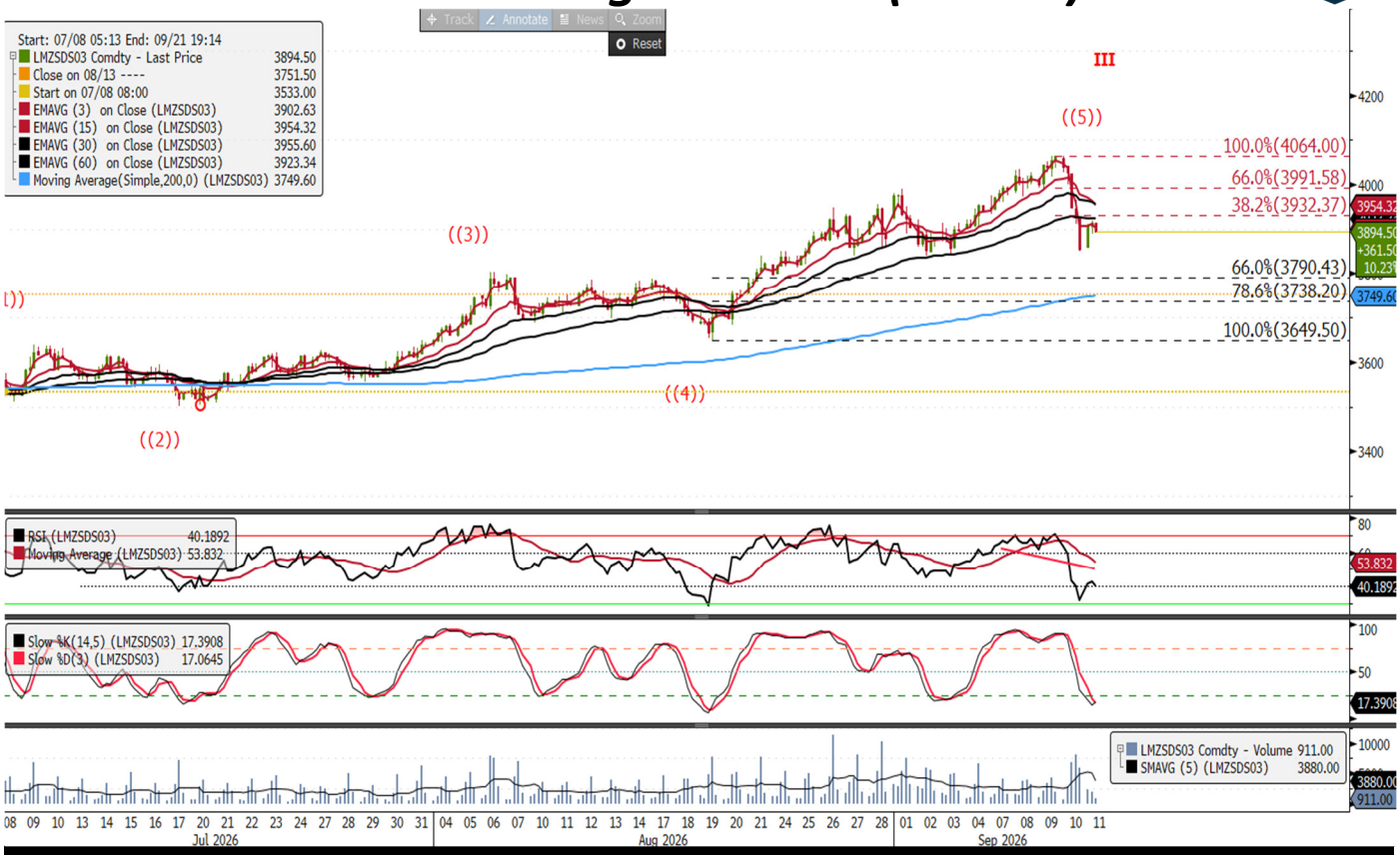
Support		Resistance		Current Price	Bull	Bear
S1	3,271	R1	3,309	3,300	Srochastic oversold	RSI below 50
S2	3,241	R2	3,333			
S3	3,217	R3	3,371			

Synopsis - Intraday

Source Bloomberg

- Price is between the EMA support band (Black EMA's)
- RSI is below 50 (47)
- Stochastic is oversold
- Price is below the daily pivot point USD 3,309
- Technical outlook Previously: neutral
- Positive reversal pattern
- We noted yesterday that the futures were on an Elliott wave 5 of this phase cycle with price rejecting its trend resistance line. However, the RSI had made a new low while price was above fractal support at USD 3,321.5, meaning we had a positive reversal pattern in play. The reversal pattern implied caution on lower moves while above the USD 3,321.5 support. Below USD 3,321.5 both price and the RSI would have made new lows; the negative momentum confirmation would then suggest that sell side pressure is increasing.
- The futures sold below the USD 3,321.5 fractal support yesterday. Bid support today means we are between 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 3,309 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 3,241 would indicate underlying support, below this level the technical would have a neutral bias.
- Technical outlook: Corrective
- The throwback yesterday is currently above the USD 3,241 support, implying the move is corrective; below USD 3,241 the probability of the futures trading at a new high would beginning to decrease, this would take the technical into neutral territory. The RSI is above 40 implying momentum support at this point, warning the USD 3,333 could come under pressure. We identify USD 3,333 as the key resistance to follow, upside moves above this level imply that buyside pressure is increasing; conversely, if rejected it will signal a more complex corrective phase. however, if the resistance is breached, we will need to see the RSI reclaim the 60 level to support the break, otherwise upside continuation could fail. We are seeing momentum support, but we will need to see further upside from the technical to confirm genuine buyside pressure.

Zinc Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	3,790	R1	3,932	3,894.5	Stochastic oversold	RSI below 50
S2	3,738	R2	3,991			
S3	3,649	R3	4,064			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (39)
- Stochastic is oversold
- Price is below the daily pivot point USD 3,935
- Technical outlook Previously: Positive reversal pattern in play
- We noted yesterday that the RSI was making new lows while price was above the USD 3,990 fractal support, meaning we had a positive reversal pattern in play, warning there remained an underlying support in the market. Downside moves below USD 3,990 would signal sell side pressure was increasing, leaving the USD 3,916 support to follow. This was a key level in the technical, throwbacks that held at or above this level would warn that the futures were vulnerable to a bullish Elliott wave extension; below this level would reduce the probability of price trading at new highs, increasing the probability that the futures had entered a higher timeframe corrective phase.
- The futures traded below the USD 3,916 support yesterday. 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 3,935 with the RSI at or above 56 would mean price and momentum are aligned to the buyside. Upside moves above USD 4,064 would indicate that price has re-entered bullish territory; conversely, if rejected it would signal a more complex corrective phase.
- Technical outlook: Caution on upside moves
- The move below USD 3,916 has reduced the probability of price trading at a new high, warning we are potentially in a higher timeframe corrective phase. We identify USD 3,991 as the key resistance to follow; if rejected, then it will warn that there is further downside within this technical, conversely, for upside continuation, we will need to breach the USD 3,991 level with the RSI reclaiming 60. Based on the depth of the pullback, we are currently cautious on upside moves.