FIS

Base Morning Technical Report

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(Bloomberg) -- Copper steadied as traders shrugged off hawkish messaging from the Federal Reserve chair following a widely expected interest rate hike.

Futures were little changed on the London Metal Exchange as the dollar strengthened. Policymakers at the US central bank penciled in an additional increase for later this year, a potential headwind for non-yielding assets like metals.

Copper is still consolidating after a long run to a record last week, driven by bets the US would hit the refined metal with tariffs. That sucked vast quantities into American stockpiles, triggering concerns about a supply squeeze elsewhere.

So far the US has held off on new trade measures, putting that rally in doubt. Expectations of high demand from data centers and renewable energy, as well as supply disruptions at key mines, are still providing support.

“Reports of no US copper tariffs unwound some of the physical market speculation,” RBC Capital Markets analyst Sam Crittenden said in a note. “Despite near-term price weakness, fundamentals remain constructive.”

Copper was 0.2% lower at $14,202.50 a ton on the LME at 10:30 a.m. in Singapore. Other metals were mixed, with aluminum down 0.5% while nickel added 0.4%.

Iron ore futures rose 0.2% to $96 a ton in Singapore.

Copper Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	14,190	R1	14,359	14,301	RSI above 50	Stochastic overbought
S2	14,160	R2	14,552			
S3	14,054	R3	14,617			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA resistance band (Black EMA's)
- The RSI above at 50 (55)
- Stochastic is overbought
- Price is above the daily pivot point USD 14,190
- Technical Outlook Previously: Buyside pressure increasing
- The mover higher on the positive divergence yesterday meant that price had held the 50-period MA on the daily timeframe at USD 14,000 and broken the intraday fractal resistance, implying buyside pressure was increasing. The futures had closed above the intraday 200-period MA at USD 14,094 with price seeing bid support, if we held above the average then we would look to test the USD 14,223 level. This was the first of two key intraday resistance level, if broken, then in theory, the probability of the futures trading at a new low would start to decrease; however, we highlighted USD 14,552 as a second key level to follow. If this level was rejected, then it would warn that the corrective phase had the potential to become more complex, in the form of a double 3 pattern. Price was showing bid support on the divergence with the RSI reclaiming the 40 level, this warned that resistance was becoming vulnerable. Caution would be warranted on throwbacks where the RSI fell below 40.
- The futures have continued to move higher on the momentum support and fractal break. We are above the EMA resistance band with the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 14,190 with the RSI at or below 42 would mean price and momentum are aligned to the sell side. Upside moves that fail at or below the USD 14,552 resistance would warn that the corrective has the potential to become more complex.
- Technical Outlook: caution on intraday moves higher
- The RSI is currently showing positive velocity and positive acceleration. Countering this, on the lower timeframe 1-hour chart we have a 5-wave pattern higher, while the 1-hour RSI is divergent, warning buyside momentum could slow down, implying caution on intraday higher moves at these levels. Throwbacks that hold at or above USD 14,054 would suggest there is underlying support in the market, warning there could be a larger bull cycle coming into play, caution is warranted on moves below USD 14,054, as the probability of the futures trading at a new high would start to decrease. Throwbacks below 1-hour fractal support at USD 14,124 would suggest sell side pressure is increasing; however, USD 14,054 is the key support to follow.

Aluminium Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	3,268	R1	3,290	3,275		
S2	3,244	R2	3,316			
S3	3,241	R3	3,334			

Synopsis - Intraday

Source Bloomberg

- Price is between the EMA resistance band (Black EMA's)
- RSI is at 50 (50)
- Stochastic is above 50
- Price is above the daily pivot point USD 3,268
- Technical outlook Previously: Inflection point
- The futures remained at an inflection point yesterday, as we were yet to see a close and hold above the daily 200-period MA at USD 3,270. However, having failed to close above the intraday 200-period MA at USD 3,247 the RSI had held the 40 level, implying momentum support. We were seeing warning signs that resistance was vulnerable, but the daily 200-period MA was a benchmark average, for upside continuation we needed the close and hold above this average.
- The futures traded at a high of USD 3,294 before producing a gap lower on the Asian open that has been followed by light bid support, resulting in the gap being closed. We are between the EMA resistance band with the RSI neutral at 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 3,268 with the RSI at or below 43.5 would mean price and momentum are aligned to the sell side. Downisde moves that hold at or above USD 3,241 would imply the market is supported, below this level the technical will re-enter bearish territory.
- Technical outlook: Inflection point
- The upside move above the USD 3,247 resistance means that the probability of the futures trading at a new low has started to decrease. However, we are yet to see a definitive close above the daily 200-period MA at USD 3,272, meaning the technical remains at an inflection point. For upside continuation we will need a close and hold above the average; a rejection of the average will leave support vulnerable.

Zinc Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	3,790	R1	3,855	3,833.5		RSI below 50
S2	3,774	R2	3,878			
S3	3,738	R3	3,918			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (46)
- Stochastic is above 50
- Price is above the daily pivot point USD 3,826
- Technical outlook Previously: Buyside pressure increasing
- The futures failed to close below the intraday 200-period MA at USD 3,767 previously with price moving higher on the positive RSI divergence. We were testing the USD 3,855 resistance, if broken then the probability of the futures trading at a new low would begin to decrease, signaling buyside pressure was increasing. The RSI had reclaimed 40, if we held above it, then it would signal momentum support, while above 50 would imply positive velocity, warning resistance could come under further pressure. USD 3,952 was a key higher timeframe resistance, a rejection at or below this level would signal a more complex corrective phase.
- The futures traded at a high of USD 3,866.5; however, this was followed by a break in the USD 3,790 support. WE are seeing light bid support but remain below the EMA resistance band with the RSI below 50, intraday price and momentum are conflicting, as the previous candle failed to close above the daily pivot level.
- A close on the 4-hour candle below USD 3,826 with the RSI at or below 37.5 would mean price and momentum are aligned to the sell side; likewise, a close above this level will mean it is aligned to the buyside. Upside moves that fail at or below USD 3,952 will warn that there is the potential for a move complex corrective phase.
- Technical outlook: Supported
- The reality, the move above the USD 3,855 resistance has been followed by a breach in the USD 3,790 support, implying neutral price action. However, the RSI is holding above the 40 level, while price is holding above the intraday 200-period MA at USD 3,774, signaling that there is an underlying support in the market. Market buyers should act with caution on a close and hold below the average, supported by the RSI moving back below the 40 level.