FIS

Base Morning Technical Report

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(Bloomberg) -- Copper headed for a weekly gain, as signs of a rebound in Chinese demand helped to offset hawkish messaging from the Federal Reserve about the likelihood of more interest rate rises.

Benchmark futures were little changed near $14,460 a ton on the London Metal Exchange on Friday, on pace for the 11th weekly advance in the past 12. That streak saw the metal advance to a record earlier this month.

In China, the Yangshan premium — a gauge of demand named after the port in Shanghai that's a major entry point for imported copper — rose to $124 a ton on Friday, the highest level since November 2022. Meanwhile, domestic copper production fell slightly in August from the month before.

Copper has risen 16% this year as bets that the Trump administration would hit refined metal with tariffs triggered a surge of imports into the US, squeezing availability elsewhere. This week's hike by the Fed — the first since 2023 — had little impact, even with hawkish messaging on the scope for further tightening. Higher rates typically damp demand for non-yielding assets like commodities.

"We expect base metals to remain mostly range-bound in the coming weeks, as supply-side risks offset a fragile macro backdrop," analysts at BMI, a Fitch Solutions company, said in a note. "Markets continue to wait for a firm decision on US copper tariffs."

Copper was 0.1% lower at $14,474 a ton on the LME at 2:15 p.m. in Singapore. Other metals were little changed, with aluminum declining 0.3%.

Copper Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	14,376	R1	14,552	14,468.5	RSI above 50	Stochastic overbought
S2	14,364	R2	14,617			
S3	14,318	R3	14,875			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA resistance band (Black EMA's)
- The RSI above at 50 (63)
- Stochastic is overbought
- Price is above the daily pivot point USD 14,376
- Technical Outlook Previously: caution on intraday moves higher
- We noted yesterday that the RSI was showing positive velocity and positive acceleration. Countering this, on the lower timeframe 1-hour chart we had a 5-wave pattern higher, while the 1-hour RSI was divergent, warning buyside momentum could slow down, implying caution on intraday higher moves at those levels. Throwbacks that held at or above USD 14,054 would suggest there was underlying support in the market, warning there could be a larger bull cycle coming into play, caution was 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 was increasing; however, USD 14,054 was the key support to follow.
- The futures have continued to move higher resulting in a bullish Elliott wave extension and an RSI divergence failure on the 1-hour timeframe. 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 14,376 with the RSI at or below 52 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: Downside moves considered as countertrend
- The bullish Elliott wave extension is supported by the 4-hour RSI moving above 50 while the 1-hour divergence has failed, suggesting downisde moves should be considered as countertrend. We identify USD 14,256 as the key support to follow, throwbacks below this level will reduce the probability of the futures trading at new highs. Downside moves below USD 14,438 would imply intraday sell side pressure is increasing; however, if we trade below this level before making a new high, it would suggest we are looking at a flat wave correction, meaning moves lower have the potential to be limited. If we trade at a new high before selling lower, then the move should be considered as a continuation of the lower timeframe extension, meaning downside move should still be considered as countertrend.

Aluminium Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	3,285	R1	3,316	3,299.5	RSI above 50	Stochastic overbought
S2	3,275	R2	3,334			
S3	3,247	R3	3,364			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (59)
- Stochastic is overbought
- Price is above the daily pivot point USD 3,285
- Technical outlook Previously: Inflection point
- The upside move above the USD 3,247 resistance yesterday meant that the probability of the futures trading at a new low has started to decrease. However, we were yet to see a definitive close above the daily 200-period MA at USD 3,272, meaning the technical remained at an inflection point. For upside continuation we will need a close and hold above the average; a rejection of the average would leave support vulnerable.
- The futures traded at a high of USD 3,309.5 resulting in price closing above the daily 200-peirod MA at USD 3,275. We are above the EMA support band with the RSI at 59, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 3,285 with the RSI at or below 49 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 would re-enter bearish territory.
- Technical outlook: Buyside pressure increasing
- The close above the daily 200-period MA is warning that buyside pressure is increasing, meaning the USD 3,316 resistance is becoming vulnerable. Upside moves that reject this level will warn that the corrective phase has the potential to become more complex; likewise, market longs should act with caution on a close back below the daily average, as it would neutralise the move from the 17/09. If the RSI reclaims and holds the 60 level, it will further support a buyers argument; conversely, caution will be warranted if the 60 level is rejected. We are seeing an increase in buyside pressure but further upside is still needed.

Zinc Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	3,854	R1	3,855	3,897	RSI above 50	Stochastic overbought
S2	3,790	R2	3,878			
S3	3,781	R3	3,918			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA resistance band (Black EMA's)
- RSI is above 50 (58)
- Stochastic is overbought
- Price is above the daily pivot point USD 3,855
- Technical outlook Previously: Supported
- The reality yesterday was that the move above the USD 3,855 resistance had been followed by a breach in the USD 3,790 support, implying neutral price action. However, the RSI was holding above the 40 level, while price was holding above the intraday 200-period MA at USD 3,774, signaling that there was 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.
- The futures held above the intraday 200-period MA at USD 3,781 supported by the RSI holding the 40 level, resulting in price moving higher. 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 3,855 with the RSI at or below 45.5 would mean price and momentum are aligned to the sell side. 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: Buyside pressure increasing
- Having held the intraday 200-period MA and the RSI 40 level, the move higher indicates an increase in buyside pressure. However, the RSI would be divergent on the 1-hour time above USD 3,903.5. The divergence is a condition that warns buyside momentum could slow, it is not a sell signal and will need bearish confirmation from price. Near-term resistance levels at USD 3,918 and USD 3,952 are vulnerable; however, for upside continuation we will need the RSI to reclaim and hold the 60 level with the 1-hour divergence failing. This technical does have underlying support due to the intraday moving average holding, while the RSI found support at 40, suggesting caution is warranted in intraday throwbacks in the near-term.