FIS

Base Morning Technical Report

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(Bloomberg) -- Copper held gains as traders weighed tightness in supply and signs of buying interest picking up in China.

Benchmark futures rose as much as 0.5% in morning trade on Monday, after posting the 11th advance in 12 weeks on Friday. Multiple copper refineries in China are due to undergo periods of planned maintenance between October and November, according to Shanghai Metals Markets, limiting a big increase in metal availability.

There's still uncertainty over the pace of imported supplies in China due to port congestion in Shanghai, according to SMM.

At the same time, the Yangshan premium — a gauge of domestic demand named after the major entry point for imported copper at the port in Shanghai — has eased from the highest level since November 2022 seen last week, but remains elevated.

Copper has rallied this year as bets the Trump administration would slap tariffs on refined metal triggered an increase of imports to the US, squeezing markets elsewhere. In recent days it has also helped to offset hawkish messaging from the Federal Reserve about the likelihood of more interest-rate rises. Higher rates typically damp demand for industrial commodities.

Copper on the LME was 0.2% higher at $14,556.50 a ton as of 12:30 p.m. in Singapore. Other base metals were mixed, with nickel rising 0.5% and zinc up 0.7%, while aluminum dropped 0.3%.

Singapore iron ore futures were little changed at $97.35 a ton, while yuan-priced futures on the Dalian Exchange edged down 0.3%. Shanghai steel futures rose.

Copper Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	14,510	R1	14,617	14,558	RSI above 50	Stochastic overbought
S2	14,418	R2	14,875			
S3	14,362	R3	15,092			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA resistance band (Black EMA's)
- The RSI above at 50 (67)
- Stochastic is overbought
- Price is above the daily pivot point USD 14,510
- Technical Outlook Previously: Downside moves considered as countertrend
- We noted on Friday that the bullish Elliott wave extension was 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 would 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 traded 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.
- The futures have traded at a new high without producing an intraday throwback. 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 14,510 with the RSI at or below 59.5 would mean price and momentum are aligned to the sell side. Throwbacks that hold at or above USD 14,418 would support a bull argument, below this level the technical would re-enter bearish territory.
- Technical Outlook: Downside moves considered as countertrend
- The upside move above USD 14,522 implies that buyside pressure is continuing to increase, the probability of the futures trading at a new low have started to decrease. Having traded at a new high without producing an intraday throwback, our Elliott wave analysis continues to suggest that downisde moves should be considered as countertrend, providing the USD 14,286 support is not breached. If it is, then price will re-enter bearish territory.

Aluminium Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	3,272	R1	3,290	3,278		Stochastic overbought
S2	3,253	R2	3,316			
S3	3,241	R3	3,334			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is below 50 (49)
- Stochastic is overbought
- Price is below the daily pivot point USD 3,290
- Technical outlook Previously: Buyside pressure increasing
- The close above the daily 200-period MA previously warned that buyside pressure was increasing, meaning the USD 3,316 resistance was becoming vulnerable. Upside moves that rejected this level would warn that the corrective phase had 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 reclaimed and held the 60 level, it would further support a buyers argument; conversely, caution would be warranted if the 60 level was rejected. We are seeing an increase in buyside pressure but further upside was still needed.
- The RSI has failed to reclaim the 60 level resulting in an intraday throwback. Price is below the EMA support band with the RSI near-neutral at 49, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 3,290 with the RSI at or above 55.5 would mean price and momentum are aligned to the buyside. 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: inflection point
- The RSI has rejected the 60 level leaving support levels vulnerable in the near-term, resulting in price trading back on the daily 200-period MA at USD 3,277, meaning the futures remain at an inflection point. For upside continuation we will need to hold above the daily average; conversely, caution is warranted on a close back below it. We have tested but held the trend support line at USD 3,272; if we close and below the support line, it will signal an increase in sell side pressure. The RSI rejection of the 60 level has resulted in price reverting back to the daily average, the futures have a neutral bias as we are at an inflection point.

Zinc Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	3,913	R1	3,855	3,938	RSI above 50	Stochastic overbought
S2	3,795	R2	3,878			
S3	3,790	R3	3,918			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA resistance band (Black EMA's)
- RSI is above 50 (64)
- Stochastic is overbought
- Price is above the daily pivot point USD 3,913
- Technical outlook Previously: Buyside pressure increasing
- Having held the intraday 200-period MA and the RSI 40 level last week, the move higher indicated an increase in buyside pressure. However, the RSI would be divergent on the 1-hour time above USD 3,903.5. The divergence was a condition that warns buyside momentum could slow, it was not a sell signal and will need bearish confirmation from price. Near-term resistance levels at USD 3,918 and USD 3,952 were vulnerable; however, for upside continuation we would need the RSI to reclaim and hold the 60 level with the 1-hour divergence failing. This technical did have underlying support due to the intraday moving average holding, while the RSI found support at 40, suggesting caution was warranted in intraday throwbacks in the near-term.
- The futures continued to move higher resulting in the 1-hour divergence failing. We are above all key moving averages supported by the SI above 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle below USD 3,913 with the RSI at or below 55 would mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 3,790 would support a bull argument, below this level the technical would have a neutral bias. Note: the USD 3,790 support is back in play due to the breach in the USD 3,952 resistance.
- Technical outlook: Buyside pressure increasing
- The breach in the USD 3,952 resistance signals price has re-entered bullish territory, meaning the probability of the futures trading at a new low has started to decrease. The RSI has reclaimed the 60 level signaling market support, if we reclaim the 70 level, it will further support a buyers argument. The holding the of the intraday 200-period MA, alongside the RSI moving above 60 suggests caution on intraday throwbacks is warranted, as there is evidence of underlying support in the market. Market bulls should act with caution if the RSI closes and holds below the 60 level, as it will signal sell side pressure could be increasing.