FIS

Base Morning Technical Report

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Cu

(Bloomberg) -- Copper advanced for a sixth day toward a record as falling inventories and pre-holiday buying signaled tightening supplies in China's physical market.

The metal is heading for its longest run of gains in four months. While some imported copper has arrived in China, much of it has gone directly to fabricators rather than warehouses, keeping spot supplies constrained, according to Shanghai Metals Market.

Demand is also getting a seasonal boost as some downstream manufacturers stock up ahead of the Mid-Autumn Festival and National Day holidays, SMM said in a note. Copper cathode inventories in Shanghai, a major trading and consumption hub, fell to 43,900 tons, the lowest since 2023, according to weekly data released by SMM on Monday.

Three-month copper futures on London Metal Exchange rose 0.6% to $14,745 a ton by 10:45 a.m. Shanghai time. All other LME base metals also gained, while iron ore futures in Singapore ticked lower.

Copper Morning Technical (4-hour)



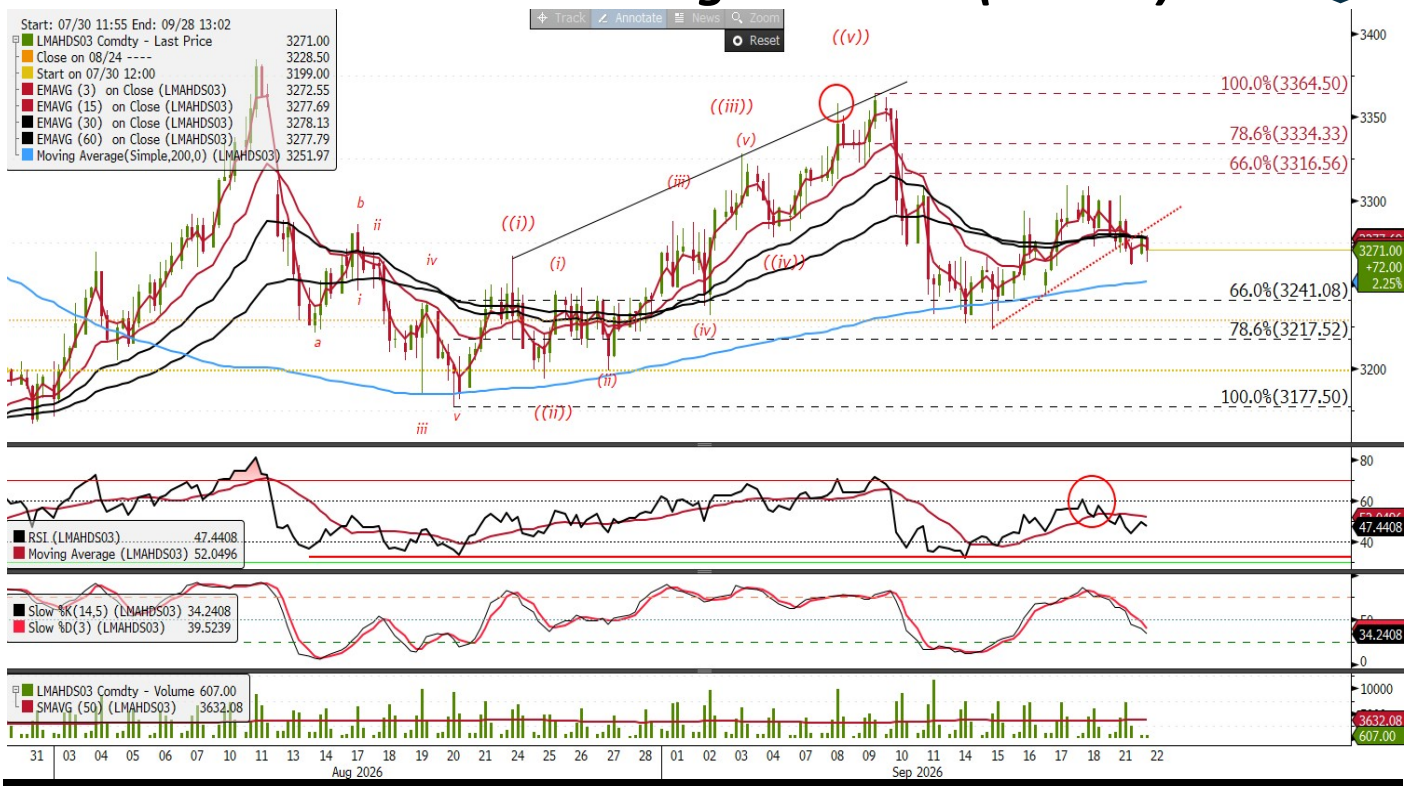
Support		Resistance		Current Price	Bull	Bear
S1	14,668	R1	14,875	14,715	RSI above 50	Stochastic overbought
S2	14,652	R2	15,092			
S3	14,525	R3	15,409			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA resistance band (Black EMA's)
- The RSI above at 50 (70)
- Stochastic is overbought
- Price is above the daily pivot point USD 14,652
- Technical Outlook Previously: Downside moves considered as countertrend
- We noted yesterday that the upside move above USD 14,522 implied that buyside pressure was continuing to increase, the probability of the futures trading at a new low had started to decrease. Having traded at a new high without producing an intraday throwback, our Elliott wave analysis continued to suggest that downisde moves should be considered as counter-trend, providing the USD 14,286 support was not breached. If it was, then price would re-enter bearish territory.
- The futures continue to move higher supported by the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 14,652 with the RSI at or below 65.5 would mean price and momentum are aligned to the sell side. Throwbacks that hold at or above USD 14,345 would support a bull argument, below this level the technical would re-enter bearish territory.
- Technical Outlook: Downside moves considered as countertrend
- The RSI is holding above 60 having breached the 70 level, indicating bullish momentum confirmation. Elliott wave analysis supports the bullish momentum confirmation and continues to suggest that downside moves should be considered as countertrend, providing throwbacks hold above the USD 14,345 level. Below USD 13,345 the probability of the futures trading at a new low would start to decrease. A close and hold below the trend support line at USD 14,668 would warn that sell-side pressure is increasing, indicating the futures could be entering a corrective throwback. Likewise, market buyers should act with caution if price and momentum become aligned to the sell side, as this will also put the RSI below its trend support line. The weakening momentum is not prerequisite that price will sell lower, but it would warn that we could see an intraday pullback.

Aluminium Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	3,251	R1	3,277	3,271		RSI below 50
S2	3,241	R2	3,283			
S3	3,217	R3	3,316			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (47)
- Stochastic is above 50
- Price is below the daily pivot point USD 3,277
- Technical outlook Previously: inflection point
- We noted yesterday that the RSI had 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 remained at an inflection point. For upside continuation we will need to hold above the daily average; conversely, caution was warranted on a close back below it. We had tested but held the trend support line at USD 3,272; if we closed and held below the support line, it would signal an increase in sell side pressure. The RSI rejection of the 60 level had resulted in price reverting back to the daily average, the futures had a neutral bias as we were at an inflection point.
- The futures closed below the trend support line resulting in a close below the daily 200-period MA at USD 3,270. 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 3,277 with the RSI at or above 54 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: neutral
- The futures continue to trade on the daily 200-period MA at USD 3,278, meaning price remains at an inflection point, signaling neutrality. We have broken the trend support line at USD 3,283 warning the intraday technical is showing signs of weakness. A close back above the support line would also need to close above the high of the high volume bear candle at USD 3,289; if we do, it will signal an increase in buyside pressure. Conversely, market sellers should act with caution if the RSI holds the 40 level, as this would warn that momentum remains supported. Having seen price close below the daily 200-period MA, we now have to contend with the 50-period MA at USD 3,240; a daily close an hold below this average will warn that the technical condition is weakening. Neutral.

Zinc Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	3,797	R1	3,952	3,918	RSI above 50	Stochastic overbought
S2	3,790	R2	3,994			
S3	3,738	R3	4,065			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (56)
- Stochastic is overbought
- Price is below the daily pivot point USD 3,929
- Technical outlook Previously: Buyside pressure increasing
- The breach in the USD 3,952 resistance yesterday signaled price had re-entered bullish territory, meaning the probability of the futures trading at a new low had started to decrease. The RSI had reclaimed the 60 level signaling market support, if we reclaimed the 70 level, it would 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 was evidence of underlying support in the market. Market bulls should act with caution if the RSI closes and held below the 60 level, as it would signal sell side pressure could be increasing.
- The futures consolidated around their highs for the remainder of the session yesterday before coming under light pressure on the open this morning. We are above the EMA support band with the RSI above 50, intraday price and momentum are aligned ot the buyside, as the previous candle closed above its daily pivot level with the RSI above its average.
- A close on the 4-hour candle below USD 3,929 with the RSI at or below 58 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. We noted yesterday that the USD 3,790 support was back in play due to the breach in the USD 3,952 resistance.
- Technical outlook: Downside moves considered as countertrend
- The RSI is failing to hold above the 60 level signaling momentum is showing sigs of weakness, warning price is entering a corrective phase. We noted previously that price had held above 50, while the RSI had held the 40 level, implying momentum support. Our intraday Elliott wave analysis also suggest that downside moves should be considered as countertrend, while the breach in the USD 3,952 resistance means price is back in bullish territory, suggesting downside moves should be considered as countertrend. We are seeing signs of intraday weakness but have a cautious approach to lower moves at this point.