FIS

Base Morning Technical Report

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

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(Bloomberg) -- Spot copper premiums in China have surged to the highest since 2021, even as prices hover near record levels, underscoring physical supply constraints in the world's biggest consumer.

The premium for spot copper over front-month futures in Shanghai jumped to 1,375 yuan a ton on Tuesday, before easing to 1,315 a ton, according to data from Shanghai Metals Market. Domestic inventories remain low, leaving the market vulnerable to bouts of tightness as fabricators stock up ahead of a run of national holidays that begin on Friday.

The squeeze has been compounded by a drop in overseas arrivals. China's refined copper imports fell 11% from a month earlier to 250,173 tons in August, the lowest since February, according to customs data.

"It is widely anticipated that the refined copper import window will open this month, with imported copper gradually flowing into the market," SDIC Futures Co. said in a note. "However, delivery will still take time, and spot supply will remain tight ahead of the holiday."

Other indicators are also flashing scarcity. The Yangshan premium, a gauge of demand for imported copper into China, is holding around levels not seen since 2022.

Three-month copper on the London Metal Exchange edged 0.3% lower to $14,577 a ton as of 11:44 a.m Singapore time. Aluminum was down 0.4%, while nickel declined 0.3%. Iron ore futures were steady in Singapore.

Copper Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	14,562	R1	14,671	14,595	RSI above 50	
S2	14,478	R2	14,741			
S3	14,365	R3	14,875			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA resistance band (Black EMA's)
- The RSI above at 50 (52)
- Stochastic is overbought
- Price is below the daily pivot point USD 14,671
- Technical Outlook Previously: Bullish throwback
- The futures had closed below the trend support line yesterday on the weakening momentum in the Asian day session, indicating sell side pressure was increasing. However, our Elliott wave analysis implied that this move lower looked to be a bullish throwback, rather than bearish, making USD 14,365 the key support to follow. Throwbacks that held above USD 14,365 would support a bull argument, if breached, then the probability of price trading at a new high would begin to decrease, this was based on the depth of the pullback. Sell side pressure had increased, the wave cycle suggested caution was warranted on lower moves, as it looked to be countertrend,
- The futures remain in a corrective phase with price testing but holding above the EMA support band, the RSI is above 50 with price and momentum aligned to the sell side.
- A close on the 4-hour candle above USD 14,671 with the RSI at or above 65 would mean price and momentum are aligned to the buyside. Throwbacks that hold at or above USD 14,365 would support a bull argument, below this level the technical would have a neutral bias.
- Technical Outlook: Bullish throwback
- The futures remain in a corrective phase with our Elliott wave analysis suggesting downside moves should be considered as countertrend. Upside moves that fail at or below USD 14,741 would suggest that the corrective phase has the potential to become more complex; however, we have 1-hour fractal resistance USD 14,743, a move above this level is needed to suggest that buyside pressure is increasing. We mark USD 14,743 as the key near-term resistance on the technical. Key support remains unchanged, throwbacks that breach the USD 14,365 level will reduce the probability of price trading at new highs within this phase of the cycle. Market sellers should act with caution if the RSI breaks its trend resistance, as it will warn that buyside momentum is gaining traction.

Aluminium Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	3,217	R1	3,256	3,242	Stochastic oversold	RSI below 50
S2	3,198	R2	3,284.5			
S3	3,177	R3	3,309			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (41)
- Stochastic is oversold
- Price is below the daily pivot point USD 3,252
- Technical outlook Previously: Neutral
- We had closed below the daily 200-period MA at USD 3,280, and the intraday 200-period MA at USD 3,256 yesterday, with price selling below the USD 3,241 Fibonacci support, this signaled sell side pressure was increasing. The RSI move below 40 supported the weakening price action, warning the USD 3,223.5 support was vulnerable. However, as highlighted yesterday, for downisde continuation we will also need to see a close and hold below the daily 50-period MA at USD 3,242. The technical was weakening, but we still needed to see more downside to indicate longer-term sell side pressure would persist.
- The futures continue to trade on the daily 50-period SMA at USD 3,244. We remain below the EMA resistance 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 3,252 with the RSI at or above 46 would mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 3,316 would warn that the corrective phase has the potential to become more complex.
- Technical outlook: Neutral
- With continuing to trade around the daily 50-period SMA, the technical remains neutral at this point; for downside continuation, we need to close and hold below the average. Price is consolidating near its lows, resulting in the RSI reclaiming the 40 level. If we hold the 40 level and price and momentum become aligned to the buyside, market sellers should act with caution, as it will warn that intraday momentum support is increasing.

Zinc Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	3,812	R1	3,900	3,898	RSI above 50	
S2	3,790	R2	3,939			
S3	3,738	R3	3,952			

Synopsis - Intraday

Source Bloomberg

- Price is in the EMA support band (Black EMA's)
- RSI is above 50 (51)
- Stochastic is below 50
- Price is below the daily pivot point USD 3,922
- Technical outlook Previously: Downside moves considered as countertrend
- The futures had entered a corrective phase yesterday on the weakening momentum highlighted previously; however, our Elliott wave analysis suggests that the broader trend remained bullish, implying throwbacks should be considered as countertrend, providing the USD 3,790 support was not breached. If it was, then the probability of price trading at a new high would start to decrease. We were seeing bid support with the RSI holding above the 40 level, suggesting momentum remains supported at that point. Caution was warranted if the RSI closed and held below 40, as it would warn that the intraday 200-period MA at USD 3,807 could be tested.
- The futures continue to see light bid support with price trading within the EMA support band, the RSI is near-neutral with price and momentum aligned to the sell side.
- A close on the 4-hour candle above USD 3,922 with the RSI at or above 55 would mean price and momentum are aligned to the buyside. 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.
- Technical outlook: Downside moves considered as countertrend
- Unchanged on the technical this morning, the futures continue to see light bid support while our Elliott wave analysis suggests downisde moves should be considered as countertrend. Market sellers should act with caution if price and momentum become aligned to the buyside, followed by a move above the intraday fractal resistance at USD 3,939, as it would warn that buyside pressure is increasing, implying resistance levels could be tested. Conversely, throwbacks that breach the USD 3,790 support would reduce the probability of price trading at new highs.