FIS

Base Morning Technical Report

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

Cu

(Bloomberg) -- Copper headed for its second weekly gain as traders eyed prospects for increased physical demand from China after a holiday.

Contracts edged slightly higher on Friday on the London Metal Exchange in thin trading, with China on break for the mid-Autumn Festival. Premiums for spot copper over front-month Shanghai futures surged to the highest since 2021 this week, indicating tight supply of metal onshore.

Copper powered to a record this month driven by a surge in imports to the US triggered by the prospect of tariffs on refined metal. While those trade measures are yet to materialize, that's reduced inventories elsewhere, threatening a supply squeeze.

Also in focus are talks between Iran and the US over a phased deal to reopen the Strait of Hormuz, which could decrease oil prices. Lower energy costs typically boost overall demand in the global economy, providing a tailwind for other commodities like metals.

Copper added 0.2% on the LME to $14,644 a ton by 9:36 a.m. Singapore time. Other metals were mixed, with zinc rising 0.6% and nickel down 0.4%. On the Singapore Exchange, iron ore futures edged down 0.3% to to $95.35 a ton.

Copper Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	14,613	R1	14,671	14,638	RSI above 50	
S2	14,562	R2	14,741			
S3	14,478	R3	14,875			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA resistance band (Black EMA's)
- The RSI above at 50 (55)
- Stochastic is oversold
- Price is above the daily pivot point USD 14,613
- Technical Outlook Previously: Bullish throwback
- The futures remained in a corrective phase yesterday 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 was needed to suggest that buyside pressure was increasing. We mark USD 14,743 as the key near-term resistance on the technical. Key support remained unchanged, throwbacks that breach the USD 14,365 level would reduce the probability of price trading at new highs within this phase of the cycle. Market sellers should act with caution if the RSI broke its trend resistance, as it would warn that buyside momentum was gaining traction.
- The futures are holding the EMA support band with the RSI above 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle above USD 14,613 with the RSI at or above 58 would mean price and momentum are aligned to the buyside; likewise, a close below this level would mean it is aligned to the sell-side. 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 are holding above the EMA support band and Fibonacci support zone with the RSI breaking trend resistance; however, the RSI remains below its average at this point. There are signs of momentum support but the RSI still needs to move higher. If price and momentum become aligned to the buyside, and price trades above the USD 14,743 resistance highlighted yesterday, it will signal an increase in buyside pressure. Frome a technical perspective, the broader trend remains bullish, providing throwbacks hold above the USD 14,365 support.

Aluminium Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	3,249	R1	3,284	3,261.5		
S2	3,245	R2	3,309.5			
S3	3,177	R3	3,316			

Synopsis - Intraday

Source Bloomberg

- Price is between the EMA resistance band (Black EMA's)
- RSI is at 50 (50)
- Stochastic is below 50
- Price is above the daily pivot point USD 3,249
- Technical outlook Previously: Neutral
- With price continuing to trade around the daily 50-period SMA yesterday, the technical remained neutral; for downside continuation, we need to close and hold below the average. Price was 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 was increasing.
- The futures held the daily 50-period SMA at USD 3,245 yesterday resulting in price finding light bid support. Price is 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 3,249 with the RSI at or below 41.5 would mean price and momentum are aligned to the sell side. 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
- Price is holding the daily 50-period SMA while the intraday RSI has held the 40 level, supported by price and momentum becoming aligned to the buyside, implying evidence of intraday support. We have also closed above the intraday 200-period MA at USD 3,260; however, the close is marginal, we are yet to see if we will hold the average. A close and hold above the daily 200-period MA at USD 3,284 would signal buyside pressure is increasing, warning the USD 3,316 resistance could be tested and broken. If it is, then the probability of price trading at new lows would start to decrease. Conversely, market longs should act with caution on a close and hold below the 50-period MA at USD 3,245, as it would signal renewed sell side pressure. Evidence of momentum support, but more upside is needed on this technical.

Zinc Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	3,934	R1	3,994	3,987.5	RSI above 50	
S2	3,890	R2	4,065			
S3	3,861	R3	4,154			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (66)
- Stochastic is above 50
- Price is above the daily pivot point USD 3,934
- Technical outlook Previously: Downside moves considered as countertrend
- Unchanged on the technical yesterday, the futures continued 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 became 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 breached the USD 3,790 support would reduce the probability of price trading at new highs.
- The futures continued to move higher resulting in the USD 3,939 and USD 3,952 resistance levels being broken, meaning the futures have re-entered bullish territory. 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 3,934 with the RSI at or below 51 would mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 3,820 would support a bull argument, below this level the technical would have a neutral bias.
- Technical outlook: buyside pressure increasing
- The upside move above the USD 3,934 resistance signals an increase in buyside pressure, while the move above USD 3,952 means that the probability of price trading at a new low has started to decrease, as price has re-entered bull territory. We do have a 5-wave pattern higher; however, the bullish momentum confirmation is supported by the RSI moving above 60, suggesting we are looking at a lower timeframe bullish Elliott wave extension, meaning we maintain our view that downisde moves should be considered as countertrend, providing throwbacks hold above the USD 3,820 support.