FIS

Base Morning Technical Report

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(Bloomberg) -- Copper and other base metals retreated ahead of a weeklong holiday in China, as traders assessed the country's demand outlook following slower growth in industrial profits.

Earnings at industrial enterprises rose just 4.2% in August from a year earlier, after increasing 11% in July, marking the weakest growth since the data showed a decline last November, according to the statistics bureau on Monday. China's National Day holiday, meanwhile, runs from Oct. 1-7.

Benchmark copper futures slipped as much as 1.3% on the London Metal Exchange, after capping a second weekly advance on Friday. The metal has rallied this year after bets the Trump administration will slap tariffs on refined metal triggered an increase in US imports, squeezing markets elsewhere.

While signs of supply tightness in the Chinese market has sustained copper not far from record levels, traders are closely monitoring macro drivers. Consumption and investment have softened, business confidence is sluggish, and the government has kept the reins on fiscal spending.

In the US, investors largely expect a rate hike from the Federal Reserve in October, which would typically damp demand for industrial commodities.

Copper dropped 1% to $14,478 a ton on the LME as of 11:01 a.m. in Singapore, while zinc fell 0.9% and aluminum was 0.7% lower.

Copper Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	14,452	R1	14,590	14,481.5		RSI below 50
S2	14,365	R2	14,626			
S3	14,304	R3	14,699			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- The RSI below at 50 (41)
- Stochastic is below 50
- Price is below the daily pivot point USD 14,482
- Technical Outlook Previously: Bullish throwback
- The futures were holding above the EMA support band and Fibonacci support zone last week with the RSI breaking trend resistance; however, the RSI remains below its average at this point. There were signs of momentum support but the RSI still needs to move higher. If price and momentum become aligned to the buyside, and price trading above the USD 14,743 resistance highlighted previously, it would signal an increase in buyside pressure. From a technical perspective, the broader trend remains bullish, providing throwbacks hold above the USD 14,365 support.
- The futures failed to trade above the USD 14,743 resistance on Friday, resulting in price selling lower on the open this morning. We are 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 14,482 with the RSI at or above 54 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 having to failed to break fractal resistance on Friday. We have a 3-wave pattern lower with key support at USD 14,365, throwbacks that breach this level will reduce the probability of price trading at a new high. The RSI is testing 40, a close and hold below this level would signal momentum weakness, warning the technical has the potential to weaken further. Conversely, market sellers should act with caution if the USD 14,365 is tested but holds, followed by the RSI reclaiming the 40 level, as it will signal buyside support is entering the market.

Aluminium Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	3,217	R1	3,264	3,225.5		RSI below 50
S2	3,198	R2	3,280			
S3	3,168	R3	3,286			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (37)
- Stochastic is above 50
- Price is below the daily pivot point USD 3,264
- Technical outlook Previously: Neutral
- Price was holding the daily 50-period SMA while the intraday RSI had held the 40 level on Friday, supported by price and momentum becoming aligned to the buyside, implying evidence of intraday support. We had also closed above the intraday 200-period MA at USD 3,260; however, the close was marginal, we were yet to see if we would 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 was, 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 was needed on this technical.
- The upside move rejected the daily 200-period MA at USD 3,286 resulting in price selling below the daily 50 MA at USD 3,247 this morning. We are below all key moving averages supported by the RSI below 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 3,264 with the RSI at or above 48.5 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: Sell-side pressure increasing
- The move below the USD 3,232.5 support implies we are looking at a more complex corrective phase, suggesting support levels are becoming increasingly vulnerable. Fibonacci projection levels are warning that we have the potential to trade as low as USD 3,168 within this phase of the cycle. Market sellers should act with caution if we trade above the USD 3,251 fractal resistance on the 1-hour timeframe, supported by the RSI reclaiming the 40 level, as it would indicate that buyside support is entering the market.

Zinc Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	3,832	R1	3,926	3,832		RSI below 50
S2	3,820	R2	4,994			
S3	3,788	R3	4,065			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- RSI is above 50 (35)
- Stochastic is below 50
- Price is above the daily pivot point USD 3,926
- Technical outlook Previously: buyside pressure increasing
- We noted on Friday that the upside move above the USD 3,934 resistance signaled an increase in buyside pressure, while the move above USD 3,952 means that the probability of price trading at a new low had started to decrease, as price had re-entered bull territory. We did have a 5-wave pattern higher; however, the bullish momentum confirmation was supported by the RSI moving above 60, suggesting we were looking at a lower timeframe bullish Elliott wave extension, meaning we maintain our view that downside moves should be considered as countertrend, providing throwbacks hold above the USD 3,820 support.
- The futures have seen a stronger than expected pullback with price now trading on the intraday 200-period MA at USD 3,282. We are 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 3,926 with the RSI at or above 54 would mean price and momentum are aligned to the buyside. 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: inflection point
- The futures are trading on the intraday 200-period MA at USD 3,232, meaning the futures are at an inflection point. A close and hold below the average would leave support levels vulnerable. Throwbacks below USD 3,820 would suggest that the probability of the futures trading at a new high would start to decrease; however, the 200-period MA holds more weight than the Fibonacci support. Throwbacks that breach the USD 3,820 level but fail to hold below the 200-period MA would suggest caution, as it would imply that market buyers are protecting the average.