FIS

Base Morning Technical Report

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(Bloomberg) -- Copper steadied as investors honed in on potential shifts in supply and as a Chinese national holiday was set to damp trading volumes.

Most contracts on the London Metal Exchange were little changed, following a minor drop in the prior session. Prices have slipped this week after data from China showed weak earnings from the industrial sector.

Traders are now gauging the outlook for supply. Production from Chile may be impacted by a strike at a site owned by Antofagasta Plc, while Panama's government proposed resuming output from a giant mine in the country.

Spot prices for copper have shifted back to a premium over three-month futures, a pattern known as backwardation that indicates tight near-term supply. The same structure was in place during August because of concerns US tariffs on refined metal would trigger shortages elsewhere.

Copper was 0.3% higher at $14,445.50 a ton the London Metal Exchange at 1:59 p.m. in Singapore. Other metals were mixed, with aluminum falling 0.8%.

Iron ore declined 0.7% to $92.75 a ton in Singapore. The Dalian Commodity Exchange was closed for a public holiday.

Copper Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	14,365	R1	14,460	14,411.5		RSI below 50
S2	14,304	R2	14,477			
S3	14,233	R3	14,518			

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 14,460
- Technical Outlook: neutral
- The depth of the pullback below USD 14,365 yesterday meant that the probability of the futures trading at a new high had started to decrease, the futures had failed to close below the 100% Fibonacci projection at USD 14,387, while the RSI was holding above 40, implying market support. As highlighted previously, we had a 3-wave corrective pattern lower, while within the final leg, the 1-hour chart was showing a 5-wave pattern. This did not mean that we the futures would not trade below the USD 14,343; however, it did suggest caution on lower moves at that point. Upside moves above the USD 14,502 level would warn that the USD 14,574 resistance could be tested and broken; if it was, then the probability of price trading at a new low would start to decrease. Due to the dominant bear candle on the daily chart, we felt a more cautious approach was warranted, meaning a daily close above the high of this candle at USD 14,586 was needed to signal an increase in buyside pressure.
- We noted in the **Mid-Day report** that a bearish flag was forming, if we broke to the downside, than support level would become vulnerable. The futures have sold lower, we are below all key moving averages supported by the RSI below 50, intraday price and momentum are conflicting
- A close on the 4-hour candle above USD 14,460 with the RSI at or above 45.5 would mean price and momentum are aligned to the buyside-side; likewise, a close below this level would mean it is aligned to the sell side. Upside moves that fail at or below USD 14,574 would leave the futures vulnerable to further tests to the downisde.
- Technical Outlook: Neutral
- This technical is conflicting, price is the lead indicator, the bearish flag breakout is warning that sell side pressure is increasing. However, the RSI is currently holding the 40 level, price is yet to close below the 100% Fibonacci projection level at USD 14,387, while the move to a low of USD 14,343 consists of 5 waves, implying caution on downside moves. The flag breakout does warn that we could be looking at a more complex corrective phase (double 3—W, X, Y), Although this can only be confirmed on a move below USD 14,343, if the RSI starts closing below 50 it will support the bear argument.

Aluminium Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	3,130	R1	3,184.5	3,148	Stochastic oversold	RSI below 50
S2	3,098	R2	3,202			
S3	3,081	R3	3,222			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (28)
- Stochastic is oversold
- Price is below the daily pivot point USD 3,184.5
- Technical outlook Previously: Sell side pressure increasing
- The RSI was below 40 and making new lows alongside price yesterday, meaning we had bearish momentum confirmation, we also noted that price had closed below the daily 50-period SMA at USD 3,250, warning sell side pressure was increasing. Fibonacci projection levels warned that we could trade as low as USD 3,168 within this phase of the cycle. Market sellers should act with caution if we saw a daily close back above the 50-period SMA, as it would suggest that the technical remained neutral.
- With sell-side pressure increasing yesterday we noted in the Mid-Day report a bearish channel, if we closed and held below the support line, the USD 3,168.5 support could be tested. We have broken lower resulting in the futures selling below the USD 3,168.5 level. We are below all key moving averages with the RSI below 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 3,184.5 with the RSI at or above 40.5 would mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 3,250 would warn that the corrective phase has the potential to become more complex.
- Technical outlook: Sell side pressure in creasing.
- A high volume breakout below the channel support signal sell side pressure continues to increase. The RSI has breached the 30 level warning we are starting to look a little overextended to the downside in the near-term; however, the move below 30 does have potential bearish implication's going forward, as does the high volume breakout, suggesting upside intraday upside moves have the potential to be countertrend.

Zinc Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	3,820	R1	4,844	3,824	Stochastic oversold	RSI below 50
S2	3,788	R2	4,848			
S3	3,734	R3	3,892			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (39)
- Stochastic is oversold
- Price is below the daily pivot point USD 3,844
- Technical outlook Previously: Bear pennant forming
- The futures remained supported yesterday with price holding above the 200-period MA, while the RSI was holding above the 40 level. However, due to the consolidation above the average, we had a bearish pennant forming. If we closed and hold below the average it would signal a downside breakout, warning the USD 3,734 support could be tested. Conversely, market sellers should act with caution on a close and hold above the trend resistance at USD 3,880 as it would suggest that the bearish pattern was failing. Although supported, the pennant had potentially bearish implications going forward.
- The futures broke the pennant to the downside, 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 3,844 with the RSI at or above 46.5 would mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 3,952 would warn that support levels could come under further pressure. Note: this resistance is back in play due ot the move below the USD 3,820 support.
- Technical outlook: Sell side pressure is increasing
- The pennant breakout signals an increase in sell-side pressure, while the move below the USD 3,820 level warns that the probability of the futures trading at a new high has started to decrease. However, the intraday 200-period MA at USD 3,848 is key to this breakout, as a close and hold above it would suggest caution, as it would indicate buyside support is entering the market.