FIS

Base Morning Technical Report

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(Bloomberg) -- Copper headed for the biggest weekly loss since May as high energy costs and China's stuttering industrial sector threatened to curb demand.

Futures on the London Metal Exchange rose above $14,300 a ton on Friday as the dollar dipped, but were still set to finish the week about 2% lower. Gains in oil prices driven by latest developments in the US-Iran war, as well as data indicating industrial weakness in top consumer China, have weighed on the metal in recent sessions.

Still, prices are consolidating at relatively high levels with a broader backdrop of supply tightness. The threat of US tariffs on refined metal has seen traders shift hundreds of thousands of tons to America, threatening shortages elsewhere. A major mine in Chile is also facing strike action.

The upside for base metals may be limited, as long as the Middle East war lingers, analysts from Bank of America Corp. wrote in a note. "That said, we acknowledge that falling aluminum, copper and nickel supply should give support to prices."

US jobs data for September, which is expected to show a sharp slowdown in hiring, is due later on Friday. That should reduce the case for more monetary tightening by the Federal Reserve this month, which is potentially positive for copper.

Copper rose 0.5% on the LME to $14,313.50 a ton as of 11:58 a.m. Singapore time. Aluminum declined 02% and tin fell 0.7%. Iron ore fell 1.3% to a two-year low of $91.30 a ton in Singapore The Dalian Commodity Exchange in China was closed for a public holiday.

Copper Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	14,233	R1	14,460	14,329	Stochastic oversold	RSI below 50
S2	14,225	R2	14,477			
S3	14,197	R3	14,518			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- The RSI below at 50 (38)
- Stochastic is oversold
- Price is above the daily pivot point USD 14,310
- Technical Outlook: Neutral
- This technical was conflicting yesterday, price was the lead indicator, the bearish flag breakout warned that sell side pressure was increasing. However, the RSI was holding the 40 level, but was yet to close below the 100% Fibonacci projection level at USD 14,387, while the move to a low of USD 14,343 consisted of 5 waves, implying caution on downside moves. The flag breakout did warn that we could be looking at a more complex corrective phase (double 3—W, X, Y), Although this could only be confirmed on a move below USD 14,343, if the RSI started closing below 50 it will support the bear argument.
- The futures sold at a low of USD 3,213.5 before finding bid support, meaning it does look to be a more complex corrective phase. We are below the EMA resistance band with the RSI below 50, intraday price and momentum are aligned to the sell side, as the previous candle close below the daily pivot level.
- A close on the 4-hour candle above USD 14,310 with the RSI at or above 42.5 would mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 14,448 would leave the futures vulnerable to further tests to the downside, above this level the probability of price trading at new low would start to decrease.
- Technical Outlook: Supported
- We noted yesterday that price is the lead indicator, on the chart I have highlighted 3 intraday bull support candles, this is the market supporting the daily 50-period SMA at USD 14,225. If we close and hold above the intraday 200-period MA at USD 14,315, supported by the RSI reclaiming the 40 level, then the USD 14,448 resistance becomes vulnerable. If broken, then the probability of the futures trading at a new low would start to decrease. Evidence of support in the market, meaning we are cautious on lower moves at these levels. For downside continuation, we need a close and hold below the daily 50-period SMA at USD 14,225.

Aluminium Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	3,098	R1	3,134	3,124.5	Stochastic oversold	RSI below 50
S2	3,081	R2	3,168			
S3	3,027	R3	3,187			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (27)
- Stochastic is oversold
- Price is below the daily pivot point USD 3,134
- Technical outlook Previously: Sell side pressure in creasing.
- A high volume breakout below the channel support signaled that sell side pressure continued to increase yesterday. The RSI had breached the 30 level warning we were starting to look a little overextended to the downside in the near-term; however, the move below 30 did have potential bearish implication's going forward, as did the high volume breakout, suggesting upside intraday upside moves have the potential to be countertrend.
- The futures sold at a low of USD 3,112 with price holding near their lows on the open today. We remain 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 3,134 with the RSI at or above 32.5 would mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 3,242 would warn that the corrective phase has the potential to become more complex.
- Technical outlook: Upside move considered as countertrend
- The strength of the move lower has volume support, while the RSI has moved below 30, implying intraday upside moves have the potential to be countertrend; however, we now have a positive RSI divergence on the 1-hour timeframe, meaning we are cautious on lower moves at these levels at this point. If price and momentum become aligned to the buyside, it would warn that the trend resistance at USD 3,1687 could be tested; a close and hold above the resistance line would signal buyside pressure is increasing, leaving the Fibonacci resistance zone vulnerable. Conversely, a rejection of the trend line would warn that the USD 3,112 low could come back under pressure. Key resistance on the technical is at USD 3,242, only above this level would the probability of the futures trading at a new low begin to decrease.

Zinc Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	3,687	R1	4,758	3,720	Stochastic oversold	RSI below 50
S2	3,641	R2	4,817			
S3	3,602	R3	3,850			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (23)
- Stochastic is oversold
- Price is below the daily pivot point USD 3,758
- Technical outlook Previously: Sell side pressure is increasing
- The pennant breakout yesterday signaled 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 had started to decrease. However, the intraday 200-period MA at USD 3,848 was key to this breakout, as a close and hold above it would suggest caution, as it would indicate buyside support is entering the market.
- The futures held below the intraday 200-period MA at USD 3,845, resulting in price selling lower, 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 3,758 with the RSI at or above 37 would mean price and momentum are aligned to the buyside. Upside moves that failed at or below USD 3,894 would warn that support levels could come under further pressure.
- Technical outlook: Caution on downside moves
- The futures remain in a corrective phase with Fibonacci projection levels suggesting we could target the USD 3,687 support, while the move lower has volume support. On the buy-side, we are looking at a complex corrective phase with the futures now on its third wave, within the move lower from the move that started on the 30/09/26, we can identify 4-waves, implying the move lower this morning is potentially the 5th and final wave for this phase of the cycle. Breakouts below USD 3,711 would create a positive RSI divergence on the 1-hour timeframe, implying caution while the divergence is in play. If we close and hold below the USD 3,687 100% Fibonacci projection, supported by an RSI failure, it would warn of a lower timeframe bearish Elliott extension, at this point, USD 3,583 becomes a viable downside target, as this is the 161.8% projection level.