FIS

Base Morning Technical Report

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(Bloomberg) -- Copper rose alongside other metals as Chinese traders returned in a buying mood from a week-long holiday that had temporarily muted activity in Asian markets.

Futures on the London Metal Exchange rose as much as 1.2% on Thursday, climbing immediately after the opening of China's main bourse. Other major contracts on the LME also rallied, as did iron ore futures in Singapore.

Copper is also drawing support from a strike at a key mine in Chile. Two unions at Antofagasta Plc's Centinela project began action on Wednesday and said the walkout would start affecting production within about two weeks. While the operation has maintained feed to its processing plants, much of its mine movement and development has stopped, the unions said. Antofagasta earlier said projected output remained unchanged.

Traders are also watching the US Federal Reserve's interest rate path, pricing in a 20% chance of further tightening in October and an 80% chance in December. Higher borrowing costs typically curb investor demand for commodities, which bear no interest.

The red metal is still consolidating after rising to a record last month on concerns that US tariffs on refined copper would lead to a rush of supplies to America and cause a squeeze elsewhere. Crucial to the outlook now is demand from China, the world's biggest consumer, where recent data has pointed to industrial weakness.

Copper gained 1% to trade at $14,617.50 a ton on the LME by 10:22 a.m. Singapore time. Zinc climbed 1.3% and aluminum added 0.7%. Iron ore futures in Singapore rose 0.5% to $91.95 a ton.

Copper Morning Technical (4-hour)



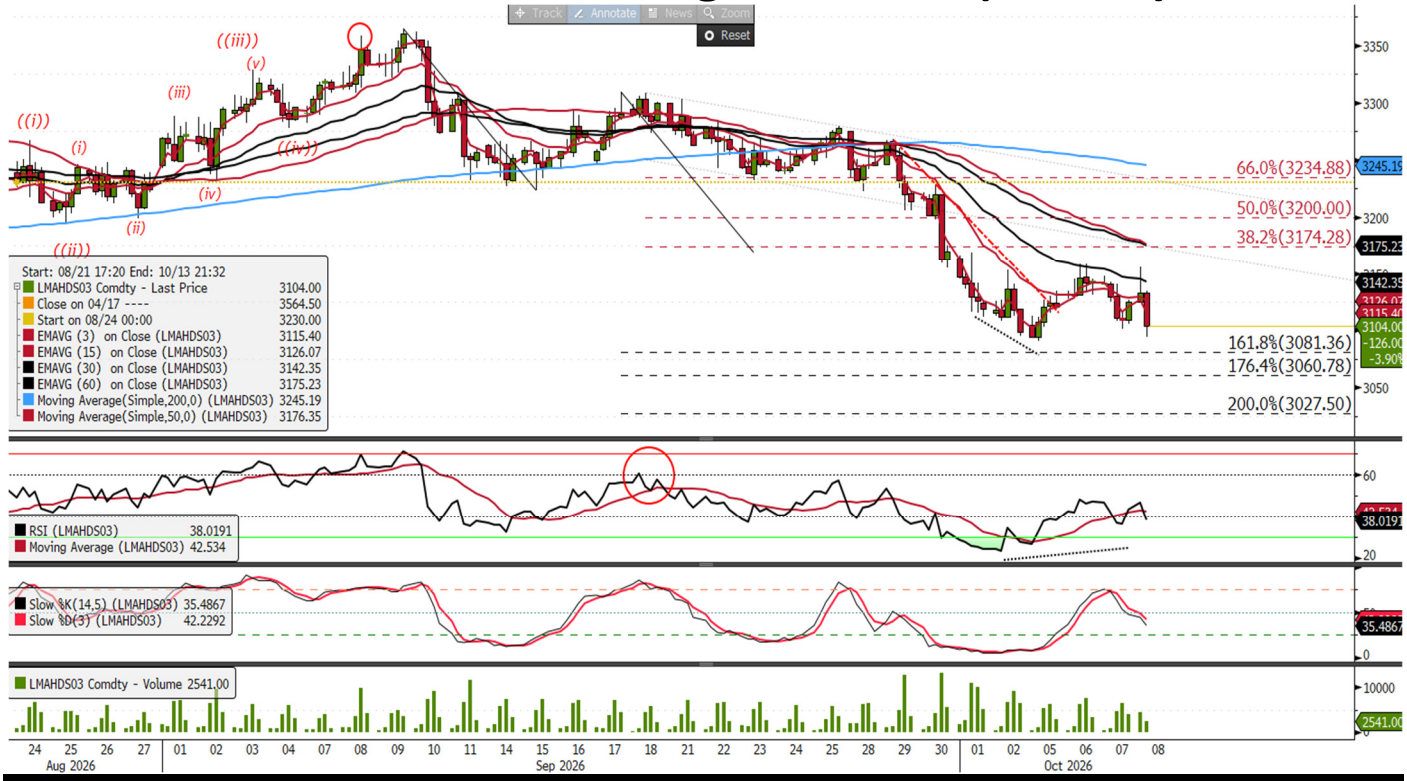
Support		Resistance		Current Price	Bull	Bear
S1	14,488	R1	14,677	14,509.5	RSI above 50	Stochastic overbought
S2	14,438	R2	14,739			
S3	14,433	R3	14,801			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA resistance band (Black EMA's)
- The RSI above at 50 (57)
- Stochastic is overbought
- Price is above the daily pivot point USD 14,433
- Technical Outlook:Supported
- Buyside pressure in the futures had started to slow yesterday with price producing a small intraday pullback; however, we remained above the 200-period MA at USD 14,332 with the RSI holding above 40 and its moving average. Upside moves above the USD 14,776.5 (correction 14,476.5) fractal resistance would indicate buyside pressure was starting to increase again, warning that the USD 14,570 fractal high could be tested and broken. Market buyers should act with caution on a close and hold below the intraday 200-period MA that also breached the USD 14,302 support, as price would re-enter bearish territory. Price remained supported while above the 200-period MA, suggesting caution is warranted on intraday throwbacks; however, market buyers will need to push price back above the USD 14,476.5 resistance to signal bull momentum is increasing.
- The futures traded at a high of USD 14,646.5 in the Asian day session; however, price has given back some of its early gains. We are above the EMA resistance band with the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 14,433 with the RSI at or below 51 would mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 14,438 will warn that resistance levels remain vulnerable, below this level the technical would have a neutral bias.
- Technical Outlook: Buyside pressure increasing
- The move above the USD 14,476.5 fractal resistance implies that buyside pressure is increasing; however, the futures are seeing bids fade on the European open. Tyhrowbacks that hold around the USD 14,476.5 breakout level would warn of a change of polarity, this would have bullish connotations going forward; conversely, caution will be warranted on throwbacks below USD 14,438, as the depth of the pullback would suggest that the futures could struggle to trade at a new high.

Aluminium Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	3,081	R1	3,122	3,104		RSI below 50
S2	3,060	R2	3,174			
S3	3,027	R3	3,189			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (38)
- Stochastic is below 50
- Price is below the daily pivot point USD 3,122
- Technical outlook Previously: Supported
- The RSI was holding above its moving average while above the 40 level yesterday, the move above the USD 3,153 resistance implied that the futures remain supported. We remained below the EMA resistance band with price still needing to produce a close above the high of the last dominant daily bear candle at USD 3,168.5; if we did, then the USD 3,234 resistance would become would become vulnerable. Caution would be warranted if the RSI closed and holds below the 40 level, as it would warn support levels could be tested. Although supported, more upside was needed to produce a bull daily close and confirm higher timeframe market support.
- The futures entered a corrective phase, meaning we failed to close above the USD 3,168.5 level. An upside test on the open has resulted in a bearish rejection candle, this has been followed by a move lower. We remain below the EMA resistance band with the RSI below 50, intraday price and momentum are aligned to the buyside, as the futures were above the daily pivot level with the RSI above its MA on the previous candle close.
- A close on the 4-hour candle below USD 3,122 with the RSI at or below 40 would mean price and momentum are aligned to the sell-side. Upside moves that fail at or below USD 3,234 would warn that the corrective phase has the potential to become more complex.
- Technical outlook: Support vulnerable—Caution warranted below USD 3,091
- The upside rejection suggests we will soon trade below the USD 3,091 fractal low; however, a downside breakout would create a positive RSI divergence, implying caution is warranted. The divergence does not mean the futures will be a technical buy below USD 3,091, but it does warn that sell side momentum could slow. Confirmation from price will be needed to confirm that the divergence is being respected.

Zinc Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	3,759	R1	3,798	3,760.5		RSI below 50
S2	3,757	R2	3,835			
S3	3,631	R3	3,843			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (47)
- Stochastic is overbought
- Price is on the daily pivot point USD 3,759
- Technical outlook Previously: Inflection point
- The futures were trading just below the trend support line at USD 3,760 yesterday, while the RSI was also breaking trend support, meaning we are becoming vulnerable to an intraday pullback in the near-term. Throwbacks that held at or above USD 3,715 would imply there is underlying support in the market, warning resistance levels could come back under pressure. The RSI was breaking trend support; however, price was the lead indicator; if we close and hold above the support line at USD 3,760, then we would look to target the 200—period MA at USD 3,843. This would be a key level on the technical, as close and hold above it would also put price above the daily 50-period SMA is at USD 3,815. While we traded around the trend support line, the futures were at an inflection point.
- The futures closed below the trend support resulting in price selling at a low of USD 3,734.5; however, price traded at new highs in the Asian day session before seeing another intraday throwback. We are below the EMA resistance band with the RSI below 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 3,759 with the RSI at or below 45 would mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 3,884 would warn that support levels could come under further pressure.
- Technical outlook: Inflection point.
- The move lower has resulted in a second trend support line forming at USD 3,757, meaning we remain at an inflection point. A close below USD 3,757 would warn that the USD 3,731 support could be tested; we identify this as the key intraday support. Throwbacks that hold at or above USD 3,731 would support a bull argument, below this level support level would suggest we are looking at a more complex corrective phase. On the sell side, the RSI failed at 60 and is now below 50, we also failed to test the intraday 200-peirod MA. On the buyside. We are above a trend support line. The RSI is above a rising moving average, the futures moved higher on a positive RSI divergence. Neutral while at an inflection point.