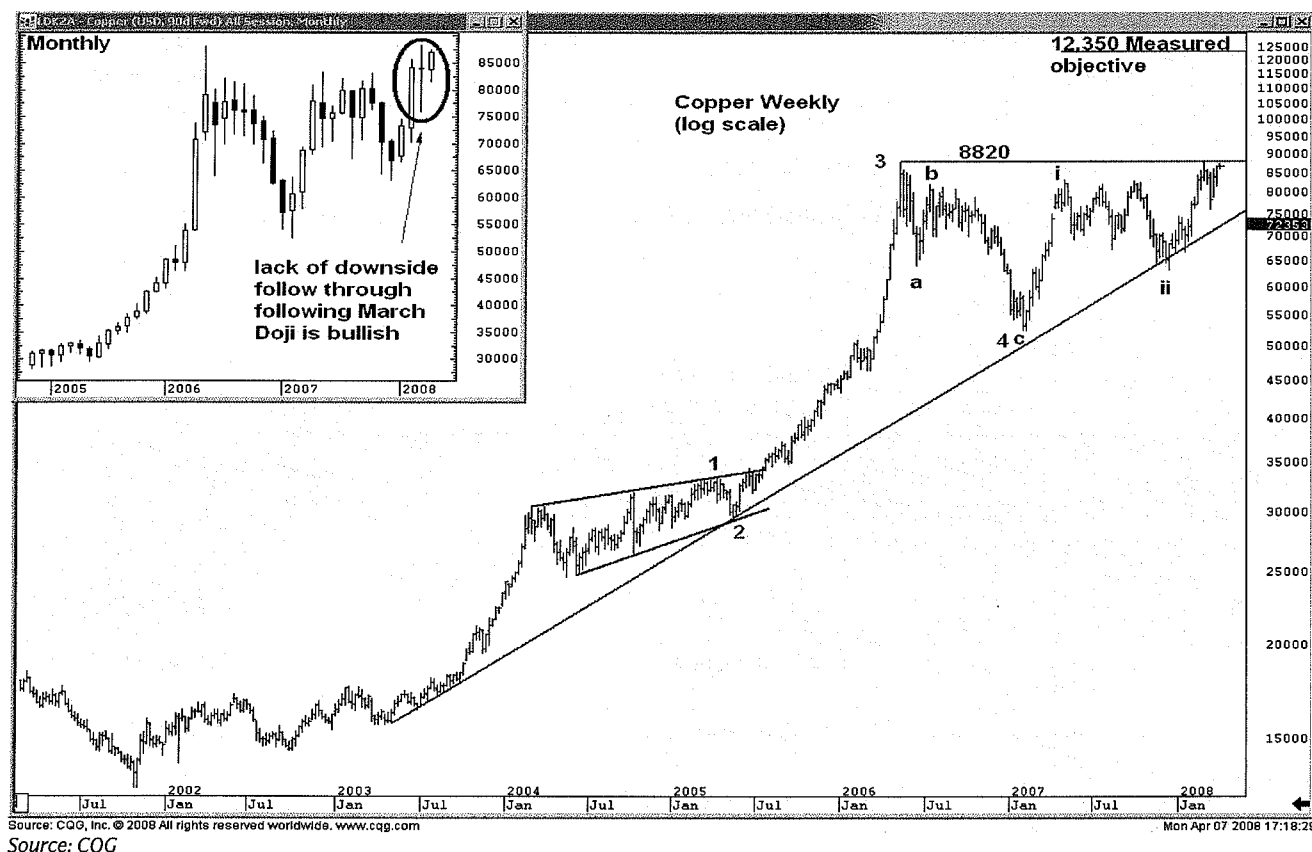


Base Metals

An Elliott Wave perspective of copper



Copper

Short Term: Targeting the range highs – Price action remains on track for further gains toward the 8820 area, 2008/2006 price peak. However, with daily momentum now overbought, these range highs are likely to hold strong on the initial tests. Bigger picture, the ongoing bull trend and incomplete Elliott Wave count (also seen in our most recent weekly, dedicated to Elliott Wave) indicate that the range highs are likely to give way for a push toward the 9000/9100 zone, through which targets a run toward 12,350, Triangle objective. A break of 8435 channel support would confirm a near-term stalling, opening a pullback toward 7610/7450 support (previous low and wave overlap area) before renewed basing is likely.

Medium Term: Triangular correction – The market remains within a large contracting range of 6,000-8,800. We believe the range will break higher and test 9,400 and 10,000.

Aluminium

Short Term: A squeeze, but not for much longer – The squeeze between support and resistance continues. While month-long trendline resistance (now 2985) gave way intra-day, it held on a closing basis. As such, we maintain a neutral bias as the range continues. Support remains defined by two-month trendline and 50-day average (now 2905). As we showed Friday, the calm of recent days is unlikely to last much longer, with a break of previous trendline resistance likely indicating a return to the bull trend for a run toward the 3255/3310 highs of March 2008 and April 2006. A break of support would lead to a sharp pullback toward 2712 before renewed basing potential.

Medium Term: Bull trend returns – Aluminium has broken out of its 2400/3000 range, suggesting the long-term uptrend is resuming toward and above 3,310 (2006 peak) with 4000 targets.