

FIS Base Morning Intraday Note

info@freightinvestor.com | www.freightinvestorservices.com | (+44) 207 090 1120

Nickel

An upside move yesterday above the USD 16,096 level with the RSI above 58, signaled intraday price had entered bullish territory. The opening candle this morning has created a bearish divergence with the candle close at USD 16,365. The divergence has turned out to be marginal (1 point) with the current candle at USD 16,450, price is not in divergence; however, the candle will need confirmation on the 4—hour close. If price closes in divergence we have the potential to see an intraday pullback. If not in divergence then any intraday pullback has a greater chance of being near-term corrective, rather than bearish. Downside moves on the 4—hour candle that close below USD 16,208 with the RSI below 55 would warn the intraday price/momentum is weakening. For the intraday technical phase to be considered as neutral price has to trade below the USD 16,106 level and for the intraday to be considered as bearish, price will need to trade below the USD 16,930 level. Resistance is at USD 16,513, USD 16,606, USD 16,813 with support at USD 16,208, USD 16,106 and USD 15,930.

Alu

RSI momentum is not supporting upside moves at the moment. Price has closed above daily pivot point USD 1,976, if the RSI closes at 59 then momentum and price will be aligned to the buyside. Upside moves the close above the USD 2,003.5 level are likely to create a negative divergence with the RSI warning of the potential for a momentum slowdown. Technically the futures will have confirmed an intraday Elliott 5th wave, warning that price and momentum have the potential to slowdown; however upside targets cannot be established until the depth of the wave 4 pullback is confirmed. Yesterday we stated the market would not be considered a technical buy if in divergence. In theory, this is correct; however, if the pullback is shallow then the upside move could potentially be quite large, meaning it could be a technical buy with divergence warnings. A close below the USD 1,976 level would put intraday values back into bearish territory but for the technical to move into neutral territory it will need to trade below USD 1,930. Resistance is at USD 1,984, USD 2,003.5, USD 2,009.5 with support at USD 1,976, USD 1,968 and USD 1,930.

Copper

Having seen the negative divergence fail, copper has continued higher. Price is above the daily pivot point (USD 7,386) supported by bullish momentum, however the RSI at 74 is starting to look overextended. Downside moves that close below the USD 7,386 level with the RSI at 65 or lower would support intraday weakness and below the USD 7,333 level the intraday pullback would be considered as deep and support a corrective phase. However, price action that holds above the USD 7,333 level would support a bullish intraday argument. Downside moves below the USD 7,252 level would create a lower low confirming the intraday technical has entered a corrective phase. Price is currently bullish but the RSI at 74 with an overbought stochastic, warning that we have the potential to enter a corrective move lower in the near-term. Higher timeframe Elliott wave analysis would suggest that downside moves should be considered as countertrend. Resistance is at USD 7,489, USD 7,530, USD 7,570 with support at USD 7,386, USD 7,333 and USD 7,252.

Zinc

The intraday technical remains in bullish territory with a near-term upside target at USD, 2,803 high. As highlighted yesterday, intraday wave analysis remains bullish, suggesting downside moves should be considered as countertrend at this point. A close below the USD 2,764 level with the RSI at 58.5 or lower would warn of intraday weakness and below USD 2,672 the pull back is considered as deep, meaning the technical phase should be considered neutral. Resistance is at USD 2,803, USD 2,817, USD 2,841 with support at USD 2,764, USD 2,740 and USD 2,716.

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Lead

The 4 hour chart is making higher highs but the RSI is not, meaning there is a negative divergence in the market warning of a potential momentum slowdown. Price is above the daily pivot point but intraday price is not supported by momentum, at this point the RSI (currently at 66) needs to be at 68 or higher. A close on the 4- hour below the USD 2,040 level with the RSI at 63 or lower would warn of intraday weakness. Resistance is at USD 2,098, USD 2,129, USD 2,159 with support at USD 2,040, USD 2,027 and USD 1,997.5

Data source Bloomberg