



Base Metals Technical Report

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

Copper—Rolling 3 month



	Support	Resistance	Current Price	Bull	Bear	
S1	8,692	R1	9,110	RSI above 50	Stochastic overbought	
S2	8,503	R2				9,663
S3	7,635	R3				10,195

Synopsis

Chart source Bloomberg

- Price is above the 8—21 period EMA's
- RSI is above 50 (78)
- Price is above all key moving averages whilst making higher highs and higher lows
- On the last report we noted that we looked to be in the 5th wave of an extended Elliott wave 3. Our near-term upside target was set at USD 8,446 with a potential upside target based on the Bill Williams method at USD 8,911. As highlighted, the upside move traded over USD 800 higher to trade above our resistance/target.
- The strength of the upside move means the negative divergence that was in play has failed. This would warn of further extension within the current wave 3, suggesting the initial impulse move from October to Jan should now be considered as 1—2, as highlighted on the chart
- Downside moves that hold at or above the USD 8,246 level would be considered as countertrend. Below this level the pullback would be deep meaning the technical phase would be considered as neutral.
- The futures are holding at the USD 9,242 Fibonacci resistance with the RSI nearing 80 and the stochastic overbought, indicating we could be about to witness a technical pullback within the bullish trend.
- As a Rule, Elliott observed that wave 3 could never be the shortest wave within the sequence and was often the longest. This would imply that we have the potential to trade above the USD 9,663 level or higher over the coming weeks, providing market pullbacks hold above the USD 8,246 level.

The information provided in this communication is not intended for retail clients. It is general in nature only and does not constitute advice or an offer to sell, or the solicitation of an offer to purchase any swap or other financial instruments, nor constitute any recommendation on our part. The information has been prepared without considering your investment objectives, financial situation, or knowledge and experience. This material is not a research report and is not intended as such. FIS is not responsible for any trading decisions taken based on this communication. Trading swaps and over-the-counter derivatives, exchange-traded derivatives, and options involve substantial risk and are not suitable for all investors. You are advised to perform an independent investigation to determine whether a transaction is suitable for you. No part of this material may be copied or duplicated in any form by any means or redistributed without our prior written consent. Freight Investor Services Ltd (FIS) is authorised and regulated by the Financial Conduct Authority (FRN: 211452) and is a member of the National Futures Association ("NFA"). Freight Investor Services PTE Ltd ('FIS PTE') is a private limited company, incorporated and registered in Singapore with company number 200603922G, and has subsidiary offices in India and Shanghai. Freight Investor Solutions DMCC ('FIS DMCC') is a private limited company, incorporated and registered in Dubai with company number DMCC1225. Further information about FIS including the location of its offices can be found on our website at www.freightinvestorservices.com



Base Metals Technical Report

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

Aluminium—Rolling 3 month



	Support	Resistance	Current Price	Bull	Bear
S1	2,090	R1	2,164	RSI above 50	Stochastic overbought
S2	2,062	R2	2,224		
S3	2,024	R3	2,300		

Synopsis

- Price is above the 8—21 period EMA's
- RSI is above 50 (64)
- Stochastic is overbought
- On the last report we highlighted that we had a potential upside target of USD 2,164, which has now been achieved. We also noted that the futures appeared to be entering a bullish wave 5 within the extended (Elliott) wave 3. However, lower time frame analysis would suggest that we are seeing further extension within the wave 3, meaning the upside move between Sep—Dec 2020 should now be considered as a wave 1—2, as highlighted on the chart. This would imply we have the potential for further upside targets at the resistance levels highlighted on the chart.
- The futures remain in divergence with the RSI. Note: this is a warning of a potential momentum slowdown, they can and do fail as just witnessed in the Copper technical.
- Downside moves that hold at or above the USD 2,024 level would support a buyers argument. Below this level the pullback is considered as deep and the technical phase neutral.
- Intraday wave analysis would imply that downside moves should be considered as countertrend at this point.
- based on the current Elliott wave it would suggest we have the potential to trade up to and potentially above the USD 2,300 level providing we do not trade below the USD 2,024 level
- The overbought stochastic and the RSI divergence would suggest we could see a technical pull-back within the current bull wave

Chart source Bloomberg

FIS Base Metals Technical Report

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

Zinc—Rolling 3 month



	Support	Resistance	Current Price	Bull	Bear
S1	2,803	R1	2,867	RSI above 50	Stochastic overbought
S2	2,757	R2			
S3	2,695	R3			

Synopsis

- Price is above the short and medium-term averages
- RSI is above 50 (59)
- We noted on the last report that the technical was near-term bullish but looked like we had previously seen wave completion. Due to the cycle being out of line with Copper and Ali (and Rebar) we acknowledged that this could be the start of a much larger trend due to the cycle being out of line. The futures have gone on to make a new, this is possibly the start of a larger wave 3, or potentially a bullish impulse wave 5. The truth is the wave cycle is a little clouded on the lower time frame at this point. Intraday wave analysis is bullish at this point suggesting downside moves should be considered as countertrend regardless of it being a wave 5 or a higher timeframe wave 3.
- On the chart we have highlighted this as the potential wave 5, our intraday is leaning towards an extended wave 3. We will change the account accordingly if we see and RSI divergence failure.
- Near-term upside targets/resistance are currently between USD 3,013—USD 3,301.
- Downside moves that hold at or above the USD 2,695 level would support a buyers argument, below this level the pullback is considered as deep and the technical phase as neutral.
- An overbought stochastic with the RSI in divergence would suggest momentum is currently vulnerable to some form of technical pullback, making USD 2,695 a key support to follow.
- Base on the Copper and Ali this is probably and extended wave 3, but until this is confirmed we will mark the chart accordingly.

Chart source Bloomberg

The information provided in this communication is not intended for retail clients. It is general in nature only and does not constitute advice or an offer to sell, or the solicitation of an offer to purchase any swap or other financial instruments, nor constitute any recommendation on our part. The information has been prepared without considering your investment objectives, financial situation, or knowledge and experience. This material is not a research report and is not intended as such. FIS is not responsible for any trading decisions taken based on this communication. Trading swaps and over-the-counter derivatives, exchange-traded derivatives, and options involve substantial risk and are not suitable for all investors. You are advised to perform an independent investigation to determine whether a transaction is suitable for you. No part of this material may be copied or duplicated in any form by any means or redistributed without our prior written consent. Freight Investor Services Ltd (FIS) is authorised and regulated by the Financial Conduct Authority (FRN: 211452) and is a member of the National Futures Association (“NFA”). Freight Investor Services PTE Ltd (‘FIS PTE’) is a private limited company, incorporated and registered in Singapore with company number 200603922G, and has subsidiary offices in India and Shanghai. Freight Investor Solutions DMCC (‘FIS DMCC’) is a private limited company, incorporated and registered in Dubai with company number DMCC1225. Further information about FIS including the location of its offices can be found on our website at www.freightinvestorservices.com



Base Metals Technical Report

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

Nickel—Rolling 3 month



	Support	Resistance	Current Price	Bull	Bear
S1	19,099	R1	20,325	RSI above 50	Stochastic overbought
S2	18,787	R2	20,878		
S3	18,364	R3	21,462		

Synopsis

- Price is above the 8–21 period EMA’s
- RSI is above 50 (62)
- The futures are above all key moving averages
- The RSI is at 86 with the stochastic in overbought territory. The futures pullback is suggesting we could be entering a corrective phase. Intraday wave analysis would suggest the pullback should be considered as countertrend at this point.
- Downside moves that hold at or above the USD 18,364 level would support a buyers argument. Below this level the pullback is considered as deep and the technical phase as neutral
- Elliott wave analysis would indicate that we are potentially in an extended wave 3
- Note, the pullback on the RSI is currently faster than price. If the RSI goes below the 61.5 level and price is above the USD 18,260 level, then we will have a bullish hidden divergence on our hands, this will warn that price could have another test to the upside (Murphy).
- Downside moves below the USD 17,465 level would break Fractal support meaning the futures will have created a lower low in the market
- Technically the trend is bullish with price currently in a corrective phase. The potential bullish hidden divergence is warning that we could have further tests to the upside in this move, this is supported by the bullish intraday Elliott wave . However, below USD 18,364 the technical becomes neutral and could be entering into a corrective phase on a higher timeframe.

Chart source Bloomberg

FIS Base Metals Technical Report

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

Lead—Rolling 3 month



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,125	RSI above 50	Stochastic overbought
S2	R2			
S3	R3			

Synopsis

- Price is above the 8–21 period EMA’s
- RSI is above 50 (58)
- The futures are testing the 8 period EMA
- Like the rest of the base complex the technical trend is bullish but in a corrective phase
- Downside moves that hold at or above the USD 2,036 level would support a buyers argument. Below this level the pullback is considered as deep and the technical phase neutral.
- The RSI is in divergence with the stochastic overbought. Momentum is indicating the technical is vulnerable to further tests to the downside.
- The RSI has made a lower low but the futures are not, this is known as a bullish hidden divergence and warns there is an underlying strength in price (Murphy). This is contradicting the weakening RSI and the stochastic. However, therefore it is called a hidden divergence. The technical looks bearish based on momentum at a glance but in reality, it is not. The same divergence is more pronounced on the intraday chart.
- Intraday Elliott wave analysis would suggest the downside move should be considered as counter-trend
- Upside moves above the USD 2,153 level would mean momentum is improving based on price meaning it has the potential to trade above the USD 2,185 high

Chart source Bloomberg