



# Base Morning Technical Report

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## Note

We have seen a few divergence failures in the last 24-hours indicating the technical has weakened further. From an Elliott wave perspective this means we are effectively moving up to a higher cycle. Example: Copper/Lead had completed 5 waves lower with price ending in a divergence. New lows and divergence failure means we are entering new bear cycles.

## News

### China

China's central bank added the most cash into the financial system in nearly three months to meet month-end liquidity demands for regulatory checks. The onshore and offshore yuan extended gains on the back of a softer dollar.

Overnight repo rate little changed to 1.43%; 7-day repo rate gains 16bps to 1.77%

PBOC injected net 50b yuan, the largest since March 31 via open market operations, according to Bloomberg calculations. (Bloomberg)

### CU

Copper headed for its steepest weekly loss in a year as global recession fears mount, damping the outlook for demand and battering commodities from oil to metals.

Often seen as a barometer for economic growth, copper extended its weekly slump to almost 8%. Prices hit the lowest since February 2021 in the wake of disappointing US business activity data that included an abrupt cooling in manufacturing. All base metals slid Friday, with tin extending its rout to head for the biggest weekly drop ever.

The Federal Reserve's hawkish commentary has added to concerns around growth. Chair Jerome Powell in testimony to lawmakers reiterated that his commitment to bringing down inflation is "unconditional," entrenching expectations the Fed will aggressively hike interest rates to cool the economy. This week he acknowledged that steep rate increases could trigger a downturn (Bloomberg).

### ZI

Zinc doesn't seize the headlines terribly often but that may be about to change. The metal looks set to extend gains as a scramble for supply plays out on the LME after stockpiles collapsed.

This situation has been in gestation for some months as inventories were steadily whittled away. Overall holdings in LME-tracked sheds are -60% YTD at less than 80,000 tons. But it's the portion of that stash not yet tagged for removal that's most acute. The figure -- known as on-warrant holdings -- stands at less than 20,000 tons, the smallest in at least 25 years. Reflecting the severe tightness, cash-three month spreads have ballooned.. (Bloomberg).

# Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear	
S1	8,338	R1	8,435	Stochastic oversold	RSI below 50	
S2	8,142	R2				8,607
S3	7,893	R3				8,694

## Synopsis - Intraday

Source Bloomberg

- Price is below the EMA Resistance band (Black EMA's)
- RSI is below 50 (31)
- Stochastic is oversold
- Price is below the daily pivot point USD 8,495
- The futures continue to move lower confirming we have seen a wave extension to the downside with price also breaking channel support. Price is 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 8,495 with the RSI at or above 35 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below the USD 8,811 resistance will leave the futures vulnerable to further tests to the downside, above this level technical will have a neutral bias.
- The divergence failure and the new low confirm that the Elliott wave cycle has extended, indicating we have moved up a wave to a larger cycle, meaning upside moves should be considered as countertrend, implying resistance levels should hold if tested. The break in the channel support means we now have an interim resistance at USD 8,507.
- Technically bearish, we now target the USD 8,142 and USD 7,893 levels.

# Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,460	R1	2,477	Stochastic oversold	RSI below 50
S2	2,434	R2			
S3	2,401	R3			

Source Bloomberg

## Synopsis - Intraday

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (40)
- Stochastic is oversold
- Price is above the daily pivot point 2,485
- The futures continue to remain in bearish territory with price trading to a new low on the Asian open. Price is 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 2,485 with the RSI at or above 43 will mean price and momentum are aligned to the buy side. Likewise, a close below this level will mean it is aligned to the sell side.
- Upside moves that fail at or below USD 2,718 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- The futures continue to produce a series of positive divergences, not a buy signal it is warning that we are seeing a momentum slowdown. Suggesting we could see a test to the upside in the near-term.
- Technically bearish, momentum is warning we could see a test to the upside, Elliott wave analysis is suggesting that any upside move could be countertrend at this point.

# Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	3,402	R1	3,425.5	Stochastic oversold	RSI below 50
S2	3,308	R2			
S3	3,189	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (36)
- Stochastic is oversold
- Price is below the daily pivot point USD 3,496
- The futures have trade lower this morning with price still 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 3,496 with the RSI at or above 45 will mean price and momentum are aligned to the buy side. Upside moves that fail at or above USD 3,569 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. Only above USD 3,629.50 is the intraday technical bullish.
- Downside moves below USD 3,402 will target the USD 3,380 support.
- Technically bearish with the futures breaking to the downside, we remain in divergence with the RSI. Not a buy signal it does warn of the potential for a momentum slowdown and will need to be monitored. From a technical perspective the futures are not a sell at these levels from a fresh entry perspective

# Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	22,647	R1	23,085	Stochastic oversold	RSI below 50
S2	21,723	R2			
S3	20,545	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (29)
- Stochastic is oversold
- Price is below the daily pivot point USD 24,020
- The futures continue to move lower with price 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 24,020 with the RSI at or above 39 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 24,869 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- The RSI has made a lower low warning momentum remains weak; However, we remain conscious of the 5-wave pattern lower that continues to warn that the futures have the potential to exhaust soon.
- Technically bearish with price and momentum to the sell side, the 5-wave pattern remains a concern, meaning we continue to maintain our view that the futures although bearish, are not a sell at these levels.

# Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	1,886	R1	1,923	Stochastic oversold	RSI below 50
S2	1,845	R2			
S3	1,824	R3			

## 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 1,946
- Technically bearish but with a divergence that needed to be monitored, the divergence has now failed. Price is 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 1,946 with the RSI at or above 36.5 will mean price and momentum are aligned to the buy side. Upside moves that fail at or below USD 2,047 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- The futures are trading below the USD 1,935 support from yesterday, meaning we now target the USD 1,886 and USD 1,845 support levels.
- Technically bearish the divergence failure is warning that upside moves are likely to be countertrend, suggesting resistance levels could hold if tested.

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