



Base Morning Technical Report

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China

China's central bank looks set to withdraw cash from its financial system in a sign that it's moving toward normalizing monetary policy as major global peers are forcefully raising interest rates.

The People's Bank of China slashed its daily short-term liquidity operation to 3 billion yuan (\$447 million) this week, the smallest amount since January 2021. At this pace it's likely to remove more cash in the first five days of this month than it injected toward end-June.

The move came after data last week showed manufacturing activity expanded in May for the first time since February. The shift in PBOC's liquidity stance has already pushed up short-end bonds yields and threatens to lift money-market rates that continue to be anchored by ample cash aimed at boosting the Covid-hit economy. (Bloomberg).

Cu

Copper plunged below \$7,500 a ton as fears of a global economic slowdown piled pressure on industrial metals and deepened their retreat from record highs just months ago.

Investors are fretting over a range of threats to demand, from Europe's gas crisis to a US slowdown and renewed virus flare-ups in China. After a 4.2% slump on Tuesday to its lowest close in 19 months, copper fell almost 5% on Wednesday. Aluminum, zinc and tin also tumbled (Bloomberg).

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	7,251	R1	7,763	Stochastic oversold	RSI below 50
S2	6,855	R2	7,767		
S3	6,401	R3	7,914		

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA Resistance band (Black EMA's)
- RSI is below 50 (19)
- Stochastic is oversold
- Price is below the daily pivot point USD 7,763
- The futures have traded below the USD 7,498 support level with the intraday divergences failing yesterday. We noted on the close report last night that intraday divergences had started to fail, warning we had the potential to extend to the downside. 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 7,763 with the RSI at or above 31.5 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 8,114 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- The intraday RSI is making new highs, suggesting we are seeing wave extension, implying upside moves are once again considered to be countertrend.
- Technically bearish the wave extension would indicate that there is further downside within this rally, meaning we now target the USD 7,215 and USD 6,855 levels in the near-term.

Aluminium Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,389.5	Stochastic oversold	RSI below 50
S2	R2			
S3	R3			

Source Bloomberg

Synopsis - Intraday

- Price is below the EMA resistance band (Black EMA's)
- RSI is below (39)
- Stochastic is oversold
- Price is below the daily pivot point 2,403
- Technically bearish yesterday we were seeing warning signs that the trend could be about to exhaust. However, the futures failed to trade above our key resistance at USD 2,536 with price trading down to new lows. 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 2,403 with the RSI at or above 44.5 will mean price and momentum are aligned to the buy side. Upside moves that fail at or below USD 2,474 will leave the futures vulnerable to further tests to the downside. key resistance is now at USD 2,492, above this level the technical is bullish.
- The new low means the futures are technically bearish, the RSI is now on support (holding) and has failed to make a new low, meaning the divergence remains in place.
- Technically bearish, the divergence will need to be monitored as it warns of the potential for a momentum slowdown.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,962	R1	3,040	Stochastic oversold	RSI below 50
S2	2,868	R2	3,010		
S3	2,764	R3	3,285		

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (33)
- Stochastic is oversold
- Price is above the daily pivot point USD 3,040
- The futures traded to a new low yesterday which has created a positive divergence with the RSI. Price is below all key moving averages supported by the RSI below 50, intraday price and momentum are conflicting
- A close on the 4-hour candle above USD 3,040 with the RSI at or above 35 will mean price and momentum are aligned to the buy side. Likewise, a close below this level with the RSI at or below 30.5 will mean it is aligned to the sell side. Upside moves that fail at or below USD 3,395 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Downside moves below the USD 2,942 low will target the USD 2,868 and USD 2,764 support levels.
- Technically bearish we remain in an extended wave 3 meaning upside moves should be considered as countertrend at this point. Price is now in divergence, this is not a buy signal, it is a warning of the potential for a momentum slowdown and will need to be monitored.

Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	21,200	R1	22,513		RSI below 50
S2	21,742	R2	23,030		
S3	19,685	R3	23,615		

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (42)
- Stochastic is overbought
- Price is below the daily pivot point USD 22,513
- Unchanged on the technically from yesterday with price moving slightly higher in what looks to be a consolidation phase. Price is below the EMA resistance band supported by the RSI below 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle above USD 22,513 will mean price and momentum are aligned to the buy side. Likewise, a close below this level with the RSI at or below 39 will mean it is aligned to the sell side. Upside moves that fail at or below USD 23,902 will leave the futures vulnerable to a test to the downside, above this level the technical will have a neutral bias.
- Technically we remain bearish with the futures on an Elliott wave 5. The technical is in divergence which will need to be monitored.

Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	1,938	R1	1,971		
S2	1,885	R2	1,988		RSI below 50
S3	1,845	R3	2,017.5		

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (49)
- Stochastic is overbought
- Price is above the daily pivot point USD 1,938
- Sideways action in the futures yesterday with price trading higher on the E.U open. Price is in the EMA resistance band with the RSI near neutral at 49.5, Intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 1,938 with the RSI at or below 44 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 1,917 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- The EMA resistance band is flat and has started to narrow, indicating the trend to the downside is becoming less stable.
- Technically bearish, the trend is becoming less stable. Price has rallied off a positive divergence which will need to be monitored, key resistance remains unchanged at USD 1,917.

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