



Base Morning Technical Report

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China

The yuan touched a one-month low in onshore trading as a new surge in Chinese Covid cases weighed on sentiment.

USD/CNY rises as much as 0.4% to 6.7398, highest since June 14; USD/CNH gains as much as 0.3%

PBOC sets yuan fixing rate at 6.7287 per dollar weaker than the 6.7269 average estimate in a Bloomberg survey where forecasts range from 6.7228 to 6.7307

Shanghai reported 59 new infections for Monday, the fourth day in a row that case numbers have held above 50.

The detection of the more contagious BA.5 sub-strain of the omicron variant has triggered additional rounds of mass testing between Tuesday and Thursday this week across nine of the financial hub's 16 districts, as well as other areas where cases have been found

That's fueling fears of another lockdown

NOTE: US-listed Chinese stocks fell sharply on Monday after recent rally as authorities hit tech giants with regulatory fines and Covid outbreaks renewed concern over lockdowns

(Bloomberg).

Cu

There's worse to come for copper after a sharp slump, according to Goldman Sachs Group Inc., which just slashed its forecasts for the metal and said risks to economic growth from the global energy crunch were likely to intensify.

Goldman's analysts have been among the more bullish voices on commodities -- and particularly on copper -- over the past two years. But the bank said the metal was now 40% below its expectations, and that recession risks in developed economies would fuel demand pessimism for the rest of 2022. (Bloomberg)

Copper Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	7,539	Stochastic oversold	RSI below 50
S2	R2			
S3	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 7,622
- The futures moved lower yesterday in line with the Elliott wave cycle. 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 7,622 with the RSI at or above 42 will mean price and momentum are aligned to the buyside. Key resistance remains unchanged, upside moves that fail at or below USD 8,114 will leave the futures vulnerable to a test to the downside.
- The futures have rejected the EMA resistance band, but the recent move higher still looks to be part of the extended wave 3, suggesting upside moves should still be considered as countertrend. If we do trade to a new low on this current test to the downside it will create a positive divergence with the RSI.
- Technically bearish, upside moves from here are still considered to be against the trend.

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,355	R1	2,395	Stochastic oversold	RSI below 50
S2	2,315	R2	2,497		
S3	2,247	R3	2,536		

Source Bloomberg

Synopsis - Intraday

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (41)
- Stochastic is oversold
- Price is below the daily pivot point 2,395
- The futures traded below the USD 2,398 support yesterday meaning we now target the USD 2,355 low. 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 2,395 with the RSI at or above 48.5 will mean price and momentum are aligned to the buyside.
- Technically bearish based on the intraday wave analysis with the futures targeting the USD 2,355 low in the near-term, further support is at USD 2,315 and USD 2,247. Price is below the EMA resistance band, but this remains compressed, warning the current trend is not stable at this point. Using the William's approach, we have a potential downside target as low as USD 2,179; however, below USD 2,355 the minimum requirement for wave/phase completion will have been met, with price creating a positive divergence on a new low. This will need to be monitored due to the unstable trend.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,942	R1	3,056		
S2	2,734	R2	3,250		RSI below 50
S3	2,609	R3	3,345		

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (42)
- Stochastic is below 50
- Price below the daily pivot point USD 3,056
- Sideways to slightly lower in the futures with price remaining below the EMA resistance band supported by the RSI below 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle below USD 3,056 with the RSI at or below 41.5 will mean price and momentum are aligned to the sell side. Likewise, a close above this level with the RSI at or above 46 will mean it is aligned to the buyside.
- Upside moves that fail at or below USD 3,474 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. Only above USD 3,748.5 is the intraday technical bullish.
- Intraday wave analysis remains bearish with a near-term downside target at the USD 2,942 low.

Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	21,613	R1	22,547		RSI below 50
S2	20,850	R2	23,072		
S3	20,056	R3	23,783		

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (41)
- Stochastic is below 50
- Price is above the daily pivot point USD 21,613
- Technically bearish with price on an Elliott wave 5. The futures are below all key moving averages supported by the RSI below 50, intraday price and momentum are aligned to the buyside. **(Unchanged)**
- A close on the 4-hour candle below USD 21,613 with the RSI at or below 39 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below 23,783 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. **(Nearly unchanged)**
- The futures have now achieved the minimum requirement for wave/phase completion, Using the Williams approach we have a potential downside target at USD 20,056, if we trade below this level we target the USD 18,651 support **(Unchanged)**

Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	1,885	R1	1,942		
S2	1,845	R2	2,007.5		RSI below 50
S3	1,804	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 below
- Price is below the daily pivot point USD 1,942
- The futures did not trade to a new low yesterday with price trading higher back into the EMA resistance band. The RSI is below 50 with price and momentum aligned to the buy side.
- A close on the 4-hour candle below USD 1,942 with the RSI at or below 44.5 will mean price and momentum are aligned to the sell side.
- Upside moves above USD 2,017.5 will create a higher high, at this point the bearish wave cycle will have completed.
- Downside moves below USD 1,883 will target the USD 1,845 and USD 1,804 support levels.
- The technical remains bearish. The EMA resistance bands are warning that the trend is not stable, suggesting caution as price movements have the potential to be erratic for a few days, until we either re-enter a trending environment or complete the cycle with an upside move.