



# Base Morning Technical Report

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## China

China's economy grew at the slowest pace since the country was first hit by the coronavirus outbreak two years ago, making Beijing's growth target for the year increasingly unattainable as economists downgrade their forecasts further.

The 0.4% expansion in gross domestic product reported for the three months to June, when dozens of cities including Shanghai and Changchun imposed lockdowns, was the second weakest ever recorded. Goldman Sachs Group Inc. promptly cut its full-year growth forecast to 3.3%, saying the figures suggest Covid lockdowns last quarter took a heavier-than-expected toll on the economy. (Bloomberg).

## Cu

Copper tumbled to a 20-month low as fears of a global recession hurt the demand outlook for the metal seen as an economic bellwether due to its wide range of uses.

The commodity, used in everything from power cables to electric motors, dropped as much as 3% to sink below \$7,000 a ton. Prices are down 35% from a record high set just four months ago when investors worried that Russia's invasion of Ukraine could disrupt supplies in an already tight market. (Bloomberg)

# Copper Morning Technical (4-hour)



|    | Support | Resistance | Current Price | Bull                | Bear         |
|----|---------|------------|---------------|---------------------|--------------|
| S1 | 7,003   | R1         | 7,178         | Stochastic oversold | RSI below 50 |
| S2 | 6,713   | R2         | 7,372         |                     |              |
| S3 | 6,423   | R3         | 7,481         |                     |              |

## Synopsis - Intraday

Source Bloomberg

- Price is below the EMA Resistance band (Black EMA's)
- RSI is below 50 (33)
- Stochastic is below 50
- Price is below the daily pivot point USD 7,178
- The futures remain in a bearish trending environment 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 7,178 with the RSI at or above 34 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 7,631 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- The futures are testing near-term support at 7,003 with further support at USD 6,713 and USD 6,423.
- Intraday Elliott wave analysis remains bearish, but the RSI is still in divergence. If we trade below and close below the USD 7,003 level, we could see the USD 6,713 support coming under pressure. However, it is worth noting that back in 2017 – 2018 we consolidated around this area for 9 months before moving lower, suggesting the futures are now trading in a support zone.

# Aluminium Morning Technical (4-hour)



|    | Support | Resistance | Current Price | Bull                | Bear         |
|----|---------|------------|---------------|---------------------|--------------|
| S1 | 2,315   | R1         | 2,340         | Stochastic oversold | RSI below 50 |
| S2 | 2,247   | R2         | 2,380         |                     |              |
| S3 | 2,179   | R3         | 2,400         |                     |              |

Source Bloomberg

## Synopsis - Intraday

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (39)
- Stochastic is below 50
- Price is below the daily pivot point 2,340
- The futures traded lower yesterday resulting in price testing the USD 2,315 support this morning. We remain below the EMA resistance band 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 2,340 with the RSI at or above 43 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 2,426 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. Likewise, downside moves that trade below and close on the 4-hour candle below the USD 2,315 will warn the USD 2,247 support could be vulnerable.
- The technical is bearish but in divergence which will need to be monitored. The futures have just broken out of a two day consolidation zone, upside moves could find resistance around the USD 2,360 area, however if we start to see close above the USD 2,392 level then it would suggest that the USD 2,426 level will be vulnerable.

# Zinc Morning Technical (4-hour)



| Support | Resistance | Current Price | Bull                | Bear         |
|---------|------------|---------------|---------------------|--------------|
| S1      | R1         | 2,836         | 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 (33)
- Stochastic is oversold
- Price below the daily pivot point USD 2,877
- Technically bearish yesterday with the futures producing a bullish divergence that now needs to be monitored. Price continues to move lower with the futures below the EMA resistance band 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 2,877 with the RSI at or above 38 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 3,032 will leave the futures vulnerable to a test to the downside, above this level the technical will have a neutral bias. Near-term support is now at USD 2,734.
- The technical is in divergence with the RSI, however we broke the USD 2,912 fractal low on the 06/07, making this an area of interest for market sellers and will need to be monitored, if we start trading above and closing above this level then the USD 3,032 resistance will start to look vulnerable; however, the intraday technical will only be bullish above USD 3,136.50.

# Nickel Morning Technical (4-hour)



|    | Support | Resistance | Current Price | Bull                | Bear         |
|----|---------|------------|---------------|---------------------|--------------|
| S1 | 17,522  | R1         | 19,688        | Stochastic oversold | RSI below 50 |
| S2 | 16,000  | R2         | 20,928        |                     |              |
| S3 | 15,443  | R3         | 21,762        |                     |              |

## 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 19,688
- The futures continue to move lower with price gapping down on the open today. Price is below all key moving averages supported by the RSI below 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle above USD 19,688 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 22,892 will leave the futures vulnerable to further tests to the downside, above this level the technical has a neutral bias.
- A bearish trending day yesterday on the breakout from the consolidation phase would suggest that we could see good resistance around the USD 21,600 level. Downside rejection from this area would warn of further technical weakness. Likewise, upside moves that close this level will warn that that the USD 22,892 resistance could be tested and broken.
- Technically bearish the futures have traded through our downside target at USD 20,056 with the RSI still in divergence meaning the futures are not a technical sell at this level.

# Lead Morning Technical (4-hour)



|    | Support | Resistance | Current Price | Bull | Bear         |       |
|----|---------|------------|---------------|------|--------------|-------|
| S1 | 1,850   | R1         | 1,877         |      | RSI below 50 |       |
| S2 | 1,815   | R2         |               |      |              | 1,906 |
| S3 | 1,760   | R3         |               |      |              | 1,930 |

## Synopsis - Intraday

Source Bloomberg

- Price is between the EMA resistance band (Black EMA's)
- RSI is above 50 (43)
- Stochastic is below
- Price is above the daily pivot point USD 1,850
- As noted yesterday the futures were testing the USD 1,911 support, downside moves below this level would leave the USD 1,883 low vulnerable. 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 1,850 with the RSI at or above 44 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 1,906 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- The technical remains bearish with the RSI in divergence warning we have the potential to see a momentum slowdown soon. However, the breakdown in price from the support zone is warning we could yet see another test of the lows; as we now have a fairly significant resistance zone that has formed in the last 10 days or so between the USD 1,911 – USD 1,942 area that could attract selling interest.