



Base Morning Technical Report

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U.S.

Labour day

China

China's central bank has "ample" monetary policy tools including price and quantitative tools, PBOC Deputy Governor Liu Guoqiang says at a briefing. Yuan depreciation against the US dollar during Jan.-Aug. was much lower than other currencies in the SDR basket, Liu says. Two-way yuan fluctuations to be norm in short term. Liu warns against betting on certain level for the Chinese currency. China's forex market is operating normally currently. Spillover effects of US dollar is controllable (Bloomberg).

Cu

Copper traded near the lowest level in six weeks as the European energy crisis added to concerns over a global recession, which will weigh on demand for commodities.

Europe's worsening energy shortages are rattling markets, with equities tumbling and the euro falling on Monday, escalating worries about a global economy already facing high inflation and a wave of monetary tightening. Gazprom PJSC again halted its key European gas pipeline indefinitely after Group of Seven leaders agreed to implement a price cap on Russian oil.

The energy crisis is increasing concerns over demand prospects after China mounted fresh virus restrictions, extending its lockdown in districts of western megacity Chengdu to contain a Covid-19 outbreak.

Risks for copper prices are skewed to the downside as the global economy may slow down further amid rate hikes in multiple countries, Guangzhou Futures Co. said in a note on Monday. (Bloomberg)

Copper Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	7,606	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 (37)
- Stochastic is oversold
- Price is above the daily pivot point USD 7,573
- As noted last week the downside move meant the futures had entered bearish territory, the RSI suggested that upside resistance levels should hold if tested. Price continues to move lower with the futures below the EMA resistance band whilst the RSI is below 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 7,573 with the RSI at or below 32.5 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 7,805 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Having rejected the daily EMA resistance band, the intraday futures are starting to base around these levels; however, the RSI has recently made a new low, implying upside moves should be considered as counter-trend at this point.
- Technically bearish, intraday price and momentum are aligned to the buyside making the key resistance levels to follow at USD 7,805

Aluminium Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,306.5	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 50 (38)
- Stochastic is oversold
- Price is above the daily pivot point 2,308
- Technically bearish on the last report with the EMA's suggesting the intraday technical remained unstable at that point. The futures did trade below the USD 2,373 level, resulting in the USD 2,358 fractal support being broken. Price remains 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 2,308 with the RSI at or above 39.5 will mean price and momentum are aligned to the buy side. Likewise, a close below this level with the RSI at or below 35 will mean it is aligned to the sell side. Upside moves that fail at or below USD 2,373 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- The futures are starting to consolidate with the RSI now above its moving average, warning sell side momentum is slowing. However, the downside move in the RSI to new lows would suggest that upside resistance levels should hold if tested in the near-term.
- Technically bearish with signs sell side momentum slowing down, warning we could see upside resistance levels be tested in the near-term.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	3,166	R1	3,179	Stochastic oversold	RSI below 50
S2	3,073.5	R2			
S3	3,005	R3			

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 3,166
- Technically bearish with a neutral bias on the last report, the futures did trade below and hold below the USD 3,490 level, resulting in support levels coming under pressure. Price is below all key moving averages with the RSI below 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle below USD 3,166 will mean price and momentum are aligned to the sell side. Likewise, a close above this level with the RSI at or above 34.5 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 3,510 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish with the futures moving higher on the Asian open, a close above USD 3,259.5 will warn that resistance levels could be tested. Momentum indicators would suggest upside moves should be considered as countertrend at this point.

Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	20,513	R1	20,529	Stochastic oversold	RSI below 50
S2	20,043	R2			
S3	19,535	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (42)
- Stochastic is oversold
- Price is above the daily pivot point USD 20,513
- As previously highlighted, the futures were technically bearish but failing to close below the USD 21,020 level, if we did it would further support a bearish intraday argument. Price closed below support, resulting in the futures trading to a low of USD 20,050. The futures are below the intraday resistance band with the RSI below 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle above USD 20,513 with the RSI at or above 44 will mean price and momentum are aligned to the buy side. Likewise, a close below this level with the RSI at or below 39.5 will mean it is aligned to the sell side. Upside moves that fail at or below USD 21,465 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish the upside move into the close on Friday resulted in a bullish engulfing pattern on the intraday chart, warning that resistance levels could be tested.

Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	1,986	R1	1,883	Stochastic oversold	RSI below 50
S2	1,943	R2			
S3	1,848	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (35)
- Stochastic is oversold
- Price is below the daily pivot point USD 1,901
- Technically bearish on the last report with a neutral bias creeping in on the back of the futures starting to consolidate. The MA on the RSI had warned that support levels could hold in the near-term with resistance levels looking vulnerable. The futures failed to hold support, resulting in price trading to a low of USD 1,881.5 this morning. The futures are 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 1,901 with the RSI at or above 40 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 1,969 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- We remain technically bearish and in trend having rejected the EMA resistance band; however, the RSI is showing a positive divergence with price, not a buy signal it does warn of the potential for a momentum slowdown and will need to be monitored going forward.