



# Base Morning Technical Report

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## China

China's government data show foreign investment into the economy grew by almost a fifth this year, a feat highlighted by officials as evidence global companies are resisting calls from US and European politicians to decouple from the country.

Yet, a look below the headline figure of 17.3% expansion in the first seven months of the year shows a less flattering picture. Much of the investment into China actually comes from Hong Kong, and is likely because mainland companies based there are routing funds through the city in a circular journey that's called "round-tripping." (Bloomberg).

## Cu

Copper rose for a third day, leading most industrial metals higher, amid a weakening dollar and concerns over low global inventories.

A dollar gauge retreated from a record high, easing pressure on dollar-denominated commodities by making them cheaper for other currency holders.

The offshore yuan also strengthened following China's foreign deposit reserve ratio cut. That supported purchasing power from the top metals-consuming country just as the nation plans to inject more stimulus into an economy saddled with Covid lockdowns and a property slump. (Bloomberg)

# Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	7,624	R1	7,734		RSI below 50
S2	7,510	R2	7,805		
S3	7,475	R3	7,862		

## Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (44)
- Stochastic is overbought
- Price is above the daily pivot point USD 7,624
- The futures moved higher yesterday with price trading into the Fibonacci resistance zone, we remain below the EMA resistance band with the RSI below 50, intraday price and momentum are aligned to the buy side.
- A close on the 4-hour candle below USD 7,624 with the RSI at or below 35.5 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. Only above USD 7,960 will the intraday technical be bullish.
- The futures have opened with continued buying support with price holding around yesterday's high, warning we could see the USD 7,734 and USD 7,805 resistance levels come under pressure in the European session (traded USD 7,735 in the Asian session). However, the RSI is still below 50 with the stochastic in overbought territory, momentum indicators would suggest that we remain vulnerable to further tests to the downside, providing the RSI remains below 50. This is giving a conflicting technical, price action is suggesting resistance could be tested; however, the RSI has recently made a new low suggesting this move higher could be countertrend, implying caution if sellers enter the market to defend the USD 7,805 – USD 7,862 area.

# Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,281	R1	2,337	Stochastic oversold	RSI below 50
S2	2,252	R2	2,352		
S3	2,237	R3	2,373		

Source Bloomberg

## Synopsis - Intraday

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (37)
- Stochastic is oversold
- Price is on the daily pivot point USD 2,294
- We noted yesterday that the futures have started to consolidate, warning sell side momentum is slowing. Price did move lower in the day session, but the new low created a positive divergence with the RSI, resulting in a small upside move in the futures on the open. We remain below the EMA resistance band with the RSI below 50 but intraday price and momentum are now conflicting.
- A close on the 4-hour candle above USD 2,294 with the RSI at or above 39 will mean price and momentum are aligned to the buy side. Likewise, a close below this level with the RSI at or below 35.5 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.
- We remain technically bearish, but price is back in the consolidation area having moved higher on the back of a positive divergence, leaving price and momentum conflicting. The recent downside move in price and the RSI would suggest that upside moves should be considered as countertrend at this point, suggesting resistance levels should hold if tested.

# Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	3,180	R1	3,295		RSI below 50
S2	3,093.5	R2	3,358		
S3	3,005	R3	3,443		

## Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (36)
- Stochastic is above 50
- Price is above the daily pivot point USD 3,180
- As noted yesterday the futures moved higher on the Asian open but failed to capitalize on the early move, resulting in price moving sideways for the rest of the session. We remain below the EMA resistance band with the RSI below 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 3,180 with the RSI at or below 30 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 3,443 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish but with price and momentum to the buyside, the futures are supported on the Asian open but have not moved higher. We do have a small resistance zone between USD 3,250 – USD 3,280 (highlighted on chart) that could be an area of interest for market sellers if tested; however, USD 3,443 is the key level to follow. Recent price action alongside the RSI making new lows would suggest upside moves have the potential to be countertrend at this point.



# Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	21,368	R1	21,458	RSI above 50	
S2	21,091	R2			
S3	20,892	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is between the EMA resistance band (Black EMA's)
- RSI is above 50 (51)
- Stochastic is above 50
- Price is above the daily pivot point USD 21,368
- As noted yesterday, the bullish engulfing pattern on the intraday chart warned that that upside resistance levels could be tested, resulting in the futures trading higher. Price is now on the top of the EMA resistance band with the RSI below 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 21,368 with the RSI at or below 40 will mean price and momentum are aligned to the buyside. The futures have traded above the USD 21,465 resistance, meaning we now have a neutral bias. Downside moves that hold at or above USD 20,622 will support a buying argument, below this level the futures will target the USD 20,050 fractal support.
- Technically bearish with a neutral bias, price and momentum are aligned to the buyside. We are conscious that the futures are entering a previous support zone, warning we could see a momentum slowdown and potentially enter a consolidation phase once again.

# Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	1,889	R1	1,900	Stochastic oversold	RSI below 50
S2	1,877	R2			
S3	1,848	R3			

## Synopsis - Intraday

Source Bloomberg

- 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 USD 1,889
- As highlighted yesterday we remain technically bearish, but the RSI was showing a positive divergence with price, warning of the potential for a momentum slowdown. Having initially moved a little lower the futures found buying support into the close. Price is below the EMA resistance band with the RSI below 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 1,889 with the RSI at or below 35.5 will mean price and momentum are aligned to the sell side. 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.
- Technically bearish, the futures are moving higher on the back of the divergence, warning resistance levels have the potential to come under pressure.

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