



# Base Morning Technical Report

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## U.S

Jeffrey Gundlach of DoubleLine Capital is worried the Fed will choke off economic growth by raising interest rates too fast. Former Treasury Secretary Larry Summers is among those saying the central bank needs to hike even faster to restore its credibility.

Gundlach, the chief investment officer of DoubleLine Capital, believes the Fed will probably tighten by 75 basis points at its September meeting but he would prefer just 25 basis points due to concerns about potential oversteer. Policy makers also haven't paused long enough to see what effect the previous hikes have already had, he said in an interview with CNBC.(Bloomberg)

## Cu/Al

Top-20 brokers on the Shanghai Futures Exchange registered aggregate net-long positions of 3,558 copper contracts across front 6 months today, according to data on the exchange's website. Net-short aluminum positions amounted to 11,189 contracts.

Brokers had 1,271 net-long positions in the most active October copper contract  
(Bloomberg)

# Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	7,806	R1	7,828	Stochastic oversold	RSI below 50
S2	7,728	R2			
S3	7,667	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (49)
- Stochastic is overbought
- Price is below the daily pivot point USD 7,936
- Technically bullish yesterday but with the RSI in divergence whilst price was in the resistance window, meaning the futures were not considered a technical buy. Upside moves had a near-term target at USD 8,129 as this was the top of the bearish gap. The futures traded to a high of USD 8,153 to close the bearish gap before trading to a low of USD 7,827. Price is below the EMA support band with the RSI below 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 7,936 with the RSI at or above 57.5 will mean price and momentum are aligned to the buy side. Upside moves that fail at or below USD 8,029 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- The RSI at 49 is near neutral with the stochastic in oversold territory, if the RSI moves above 50 then momentum is vulnerable to a test to the upside. However, if the RSI holds below 50 then the stochastic is considered as less relevant.
- The futures traded to a new high yesterday before trading lower to break the USD 7,820 fractal support in the Asian session, meaning the intraday technical is now bearish based on the lower low.

# Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,291	R1	2,340	RSI above 50	
S2	2,264.5	R2	2,374		
S3	2,258	R3	2,419		

Source Bloomberg

## Synopsis - Intraday

- Price is between the EMA resistance band (Black EMA's)
- RSI is above 50 (51)
- Stochastic is above 50
- Price is on the daily pivot point USD 2,315
- Technically bullish but with a neutral bias yesterday the futures traded above the USD 2,343.5 fractal resistance (USD 2,344) meaning the technical is once again considered as bullish. However, the CPI data in the U.S. did push the futures lower in the afternoon session. Price is in the EMA resistance band with the RSI above 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle below USD 2,315 with the RSI at or below 47 will mean price and momentum are aligned to the sell side. Likewise, a close above this level will mean it is aligned to the buy side. Downside moves that hold at or above USD 2,291 will support a near-term bull argument, below this level the technical will have a neutral bias. Only below USD 2,264.5 are the intraday futures bearish.
- As noted yesterday, we are technically bullish on the intraday whilst the daily technical remains vulnerable to further tests to the downside, suggesting caution at this point.

# Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	3,143	R1	3,241.5	RSI at 50	
S2	3,123	R2			
S3	3,092	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is between the EMA resistance band (Black EMA's)
- RSI is at 50 (50)
- Stochastic is at 50
- Price is below the daily pivot point USD 3,249
- An unconvincing intraday bull yesterday due to the futures stalling at the resistance zone with the EMA resistance band flattening, implying market neutrality. The futures traded higher but failed to hold with price moving lower on the back of the CPI figures, the pullback means the technical although bullish has a neutral bias. Price is between the EMA resistance band with the RSI neutral at 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle below USD 3,249 with the RSI at or below 46.5 will mean price and momentum are aligned to the sell side. Likewise, a close above this level will mean it is aligned to the buy side. Downside moves below USD 3,143 will mean the intraday technical is bearish.
- Technically bullish with a neutral bias the futures are trading back below the resistance zone with price in the EMA band. The intraday technical is bearish with the futures remaining vulnerable below USD 3,443 and neutral above on the higher timeframe.

# Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	23,737	R1	24,281	RSI above 50	Stochastic overbought
S2	23,247	R2			
S3	22,582	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (63)
- Stochastic is overbought
- Price is below the daily pivot point USD 24,421
- Like the rest of the base complex the futures moved higher in the morning session before selling lower on the back of the CPI figure. Price is above the EMA support band with the RSI above 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle below USD 24,421 with the RSI at or below 641 will mean price and momentum are aligned to the sell side. Likewise, a close above this level will mean it is aligned to the buy side. Downside moves that hold at or above USD 22,582 will support a bull argument, below this level the technical will have a neutral bias.
- We maintain our view that the recent upside move looks to be a bullish impulse wave 3, suggesting downside moves should be considered as countertrend, implying support levels should hold is tested.



# Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	1,911	R1	1,941.5	RSI above 50	
S2	1,879	R2			
S3	1,844	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is above/on the EMA resistance band (Black EMA's)
- RSI is above 50 (51)
- Stochastic is above 50
- Price is below the daily pivot point USD 1,948
- Technically bearish yesterday with momentum to the buyside warning the USD 1,969 resistance could come under pressure. The futures broke resistance in the morning session meaning the technical is bearish but now has a neutral bias. Price is above/on the EMA resistance band supported by the RSI above 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 1,948 with the RSI at or above 57 will mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 1,911 will support a near-term bull argument, below this level the USD 1,879 fractal support becomes vulnerable. Upside moves above USD 2,011.5 will create a higher high, meaning the intraday technical is bullish.
- Technically bearish with a neutral bias, the EMA band is now flat indicating a lack of trend in the market. Key support to follow is at USD 1,911 with resistance at USD 2,011.5.