S Base Morning Technical Report

info@freightinvestor.com | freightinvestorservices.com | (+44) 207 090 1120

China

China's shaky recovery continued in September, with a pickup in car and homes sales in the biggest cities compensating for weaker global demand and falling business confidence.

That's the outlook based on Bloomberg's aggregate index of eight early indicators for this month. The overall gauge was at 5, unchanged from August, signaling that the economic rebound maintained momentum.

Overall, China's economy picked up in the third quarter from the near contraction in the April-June period, but that rebound was undermined by Covid lockdowns and outbreaks in cities across the country, the continued housing slump, and weakening export demand. A global economy slowing due to the Russia-Ukraine war, rapid interest rate hikes, higher inflation and currency market volatility will only worsen the downward pressures (Bloomberg).

USD

Gold rose from its lowest level in more than two years, as the dollar slipped after hitting a fresh record.

The dollar's advance stalled on Tuesday, providing relief for the non-interest bearing metal. While gold is seen as a traditional haven in times of economic distress, fears of a global recession stoked by central banks' monetary tightening has instead triggered big gains in the greenback.

The fall in other major currencies including the pound and yen could continue weighing on commodities priced in the dollar. The markets for energy and raw materials have also taken a hit as key gauge Bloomberg Commodity Spot Index tumbled to the lowest since February. (Bloomberg)

Cu/Al

Copper traded near a two-month low while aluminum was close to its lowest level since March 2021, as financial markets brace for the growing risk of a global recession.

The decline in investor appetite for industrial metals has been reflected in the Bloomberg Commodity Spot Index, which tracks futures contracts for everything from oil to copper and wheat. On Monday the measure fell to its lowest level since Jan. 24, and it's erased all gains made since Russia's invasion of Ukraine as the dollar's surge makes goods priced in the currency more expensive for overseas buyers.

In China, profits at industrial firms shrank in the first eight months of the year as producer prices slowed, showing the economic challenges in the top metal-consuming nation that's been hit by Covid-19 disruptions and a property-sector slump. (Bloomberg)

Copper Morning Technical (4-hour)



Synopsis - Intraday								
	S3	7,047	R3	7,583				
	S2	7,112	R2	7,515				

R2

Source Bloomberg

RSI below 50

FIS

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (36)

S2

- Stochastic is oversold
- Price is below the daily pivot point USD 7,350
- The RSI held support yesterday resulting in the futures trading up to USD 7,461 before correcting into the close. Price is below the EMA resistance band supported be the RSI below 50, intraday price and momentum are aligned to the sell side.

7,330.5

Stochastic oversold

- A close on the 4-hour candle above USD 7,350 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 7,676 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Downside moves that trade below USD 7,292 have the potential to create a minor positive divergence with the RSI, not a buy signal it does warn we could see a momentum slowdown. Lower timeframe intraday Elliott wave analysis based on the move from the 13/09, would suggest upside moves could be countertrend at this point. Implying we have another move to the downside to come, as yesterday upside move does not look to have been high enough to be the countertrend wave 4.

Aluminium Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	2,119	R1	2,142			
S2	2,080	R2	2,208	2,132	Stochastic oversold	RSI below 50
S3	2,068	R3	2,229			

Synopsis - Intraday

Source Bloomberg

FIS

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (32)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,142
- The futures remain in a bearish trending environment with price moving lower yesterday. Price is below all key moving averages supported by the RSI below 50, intraday price and momentum are aligned to the sell side; however, the RSI continues to show a marginal divergence with the RSI.
- A close on the 4-hour candle above USD 2,145 with the RSI at or above 37.5 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 2,258 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- The strength of the downside move from the 09/09 would suggest that we are on a lower timeframe Elliott wave 3, indicating intraday upside moves should be considered as countertrend at this point. For this reason we have adjusted the Fibonacci resistance levels higher.
- Technically bearish with the futures in divergence with the RSI which will need to be monitored.



Sup	Support		tance	Current Price	Bull	Bear
S1	2,873	R1	2,939			
S2	2,751	R2	3,011	2,928.5	Stochastic oversold	RSI below 50
S3	2,596	R3	3,047			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (33)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,939
- Little has changed from the yesterday with the futures continuing to trade to new lows. 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 2,939 with the RSI at or above 38.5 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 3,096 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 RSI in divergence dating back to the 02/09, we maintain our view that the lower timeframe wave cycle would suggest that intraday upside moves should be considered as countertrend at this point.

Nickel Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	21,971	R1	22,486			
S2	21,259	R2	23,447	22,206	Stochastic oversold	RSI below 50
S3	20,050	R3	23,887			
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Synopsis - Intraday

Source Bloomberg

FIS

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (36)
- Stochastic is oversold
- Price is below the daily pivot point USD 22,486
- Previously we noted that the futures were on a bullish wave 5 with price in divergence, warning of a momentum slowdown, the futures had moved lower taking the technical into bearish territory. We continue to see selling pressure in the futures with price 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 22,486 with the RSI at or above 51 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 24,460 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 hold at or above USD 21,971 will warn that there is potentially a larger bull cycle in play, below this level the futures will target the US 21,259 and USD 20,050 support levels.
- Technically bearish, intraday Elliott wave analysis would suggest that upside moves should be countertrend at this point as we are yet to see a countertrend wave B to the upside.

Lead Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	1,720	R1	1,774			
S2	1,688	R2	1,804	1,767	Stochastic oversold	RSI below 50
S3	1,672	R3	1,822			
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Synopsis - Intraday

• Price is below the EMA resistance band (Black EMA's)

Source Bloomberg

- RSI is below 50 (30)
- Stochastic is oversold
- Price is below the daily pivot point USD 1,774
- We noted yesterday that the futures were in divergence with the RSI, however lower timeframe wave analysis suggested that upside moves should be considered as countertrend. Like the rest of the base complex the futures moved lower yesterday with the divergence failing, this will have bearish implications going forward. 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 1,774 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 1,846 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- The divergence failure supports our bearish Elliott wave cycle, meaning we maintain our view that upside moves should be considered as countertrend at this point. Near-term support is now at USD 1,702 with further support at USD 1,672.

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