



# Base Morning Technical Report

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## China

The Chinese yuan has fallen against the US dollar this year and the move derives in large part from the strength of the US currency. But this doesn't mean that further weakening is inevitable. Indeed, the tide may be turning in the yuan's favour as the narrative shifts. This year has seen the dollar broadly strengthening, and this is largely traceable to the US Federal Reserve tightening monetary policy at a faster pace than other major central banks, in its attempts to tackle elevated US consumer price inflation (Bloomberg).

## U.S

Metals prices are rising, with a falling dollar amid hopes of the Fed adopting a looser monetary stance helping to support prices. Three-month copper prices are up 0.7% to \$7,743 a metric ton while aluminum is 1% higher at \$2,370 a ton. Gold is also up 0.1% \$1,732.10 a troy ounce, hitting a three-week high. Tuesday's employment data in the U.S. showed that job openings plummeted the most since the start of the Covid-19 pandemic--something which could spur less aggressive policy efforts from the Fed. "Tighter monetary policy has been a strong headwind for base metals, with concerns demand will falter amid higher borrowing costs," analysts at ANZ research said in a note, adding that the falling dollar is also helping to support dollar-denominated commodities. (Bloomberg)

## Cu

Copper extended gains after new data pointed to a cooling US jobs market, easing concerns that the Federal Reserve will tighten monetary policy too rapidly. US job openings plummeted in August by the most since early in the pandemic. That's likely a welcome sign for Fed officials as they seek to cool demand for workers without triggering a spike in unemployment. The dollar held losses after the print, boosting metals including copper as they're priced in the greenback (Bloomberg).

# Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	7,650	R1	7,734	RSI above 50	Stochastic overbought
S2	7,585	R2	7,785		
S3	7,528	R3	9,153		

## Synopsis - Intraday

Source Bloomberg

- Price is above the EMA resistance band (Black EMA's)
- RSI is above 50 (59)
- Stochastic is overbought
- Price is above the daily pivot point USD 7,650
- Technically bullish yesterday with price holding above a near-term support zone; flat EMA's highlight the lack of trend in the market. The futures have moved higher with price above the EMA resistance band which have yet to cross to the buy side whilst the RSI holds above 50, intraday price and momentum are aligned to the buy side.
- A close on the 4-hour candle below USD 7,650 with the RSI at or below 50.5 will mean price and momentum are aligned to the sell side. The futures have traded to new highs meaning support levels have also risen, downside moves that hold at or above USD 7,528 will support a bull argument, below this level the technical will have a neutral bias.
- The futures remain supported on the open with price trading in a small resistance zone, upside moves that close above and hold above USD 7,730 will further support a bull argument, warning that the USD 7,785 fractal resistance could be tested, only above this level will the daily technical have made a higher high. A note of caution above USD 7,765 as both the 1-hour and 30-min timeframe RSI's have the potential to diverge on a new high, not a sell signal it will need to be monitored just in case it filters through to the higher timeframe.
- Technically bullish, with a note of caution, key resistance is 7,785.

# Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,305	R1	2,356	RSI above 50	
S2	2,269	R2	2,415		
S3	2,245	R3	2,465		

Source Bloomberg

## Synopsis - Intraday

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (56)
- Stochastic is above 50
- Price is above the daily pivot point USD 2,199
- Technically bullish yesterday but with conflicting signals due to price testing the daily EMA resistance band, leaving us with more of a neutral bias. However, weak U.S manufacturing data eased some concerns that we could see monetary policy tighten too rapidly, giving Alu a boost to the upside. The futures are above the EMA support band with the RSI above 50, intraday price and momentum are aligned to the buy side.
- A close on the 4-hour candle below USD 2,305 with the RSI at or below 54 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 2,211 will support a bull argument, below this level the futures will have a neutral bias.
- The futures have traded above the USD 2,344 fractal resistance on the daily chart, meaning the higher timeframe technical is bullish.
- Technically bullish, working on the Basis the A-B = C-D we have a significant resistance at USD 2,356. However, we feel the focus should be on the RSI resistance zone, this is a bear resistance area, at no point since the 07/03/22 has the RSI breached this area. If we do see the RSI move above it then it will warn that we could be seeing a bullish impulse move rather than something related to a corrective phase. Note, we are also seeing an upside channel break dating back to March 22; however, the chart would need to be compressed significantly to highlight this
- Technically bullish we are now at a major inflection point with the RSI.

# Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear	
S1	3,012	R1	3,048.5	RSI above	Stochastic overbought	
S2	3,003	R2				3,112
S3	2,982	R3				3,200

## Synopsis - Intraday

Source Bloomberg

- Price is above the EMA resistance band (Black EMA's)
- RSI is above 50 (56)
- Stochastic is overbought
- Price is above the daily pivot point USD 3,012
- Technically bearish yesterday, we maintained a cautious view on the futures due to the recent upside moves in Cu and Al, alongside price holding above the USD 2,873 support. The futures have moved higher with price trading above the USD 3,060 level on the open, meaning the futures although bearish, now have a neutral bias. Price is above the EMA resistance band supported by the RSI above 50, intraday price and momentum are aligned to the buy side.
- A close on the 4-hour candle below USD 2,937 with the RSI at or below 48 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 2,953 will support a bull argument, below this level the USD 2,891.5 fractal resistance become vulnerable.
- The upside move in the futures yesterday broke a six week channel resistance, this could prove to be significant; however the future are testing a resistance zone suggesting caution until this is broken. The futures need to trade above USD 3,200 for the daily technical to be confirmed bullish.
- Technically bearish with a neutral bias. With other metals in the sector turning bullish alongside the breach in the USD 3,060 resistance, the probability of the futures producing another bear wave to new lows is starting to decrease, whilst the potential to break the USD 3,200 fractal resistance is increasing.

# Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	21,823	R1	22,055	Stochastic oversold	RSI below 50
S2	20,940	R2			
S3	20,050	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (46)
- Stochastic is oversold
- Price is above the daily pivot point USD 21,823
- Technically bearish yesterday there were warning signs that a new low below USD 20,940 would create a positive divergence with the RSI. The futures initially moved lower on the open (but failed to make a new low), however we found buying support in the afternoon session alongside the rest of the sector on the back of U.S data. 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 21,823 with the RSI at or below 40.5 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 24,081 will leave the futures vulnerable to further tests to the downside; as noted yesterday, if we trade below USD 20,940 then key resistance will drop dramatically.
- Technically unchanged from yesterday; we remain bearish, a new low below USD 20,940 will create a positive divergence with the RSI, not a buy signal it does warn we have the potential to see a momentum slow-down and will need to be monitored.

# Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	1,925	R1	1,957	RSI above 50	Stochastic overbought
S2	1,911	R2			
S3	1,892	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (65)
- Stochastic is overbought
- Price is below the daily pivot point USD 1,914
- Technically bullish yesterday, if the RSI held above 50, momentum suggested the futures were vulnerable to a test to the upside. The futures and RSI held support, resulting in price moving higher. Price is above the EMA support band with the RSI above 50, intraday price and momentum are aligned to the buy side.
- A close on the 4-hour candle below USD 1,914 with the RSI at or below 55.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or below USD 1,892 will support a bull argument, below this level the technical will have a neutral bias.
- The futures have traded to a high of USD 1,970, upside moves above USD 1,975 will create a higher high on the daily technical, further supporting a bull argument.
- Technically bullish, upside moves that trade above USD 1,982 will target the USD 2,018, 100% Fibonacci projection level.