



Base Morning Technical Report

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China

The yuan underperformed Asian currencies amid concerns over the economy. The central bank's steady yuan fixing failed to boost sentiment.

USD/CNY gains as much as 0.3% to 7.2204, the highest since Oct. 13; USD/CNH advances 0.2% to 7.2375

The onshore yuan has been briefly surging more than 1% just as the markets open at 9:30 a.m. in the last couple of sessions. That's because banks have started trading the yuan near the People's Bank of China's fixing as per guidance from the central bank and a currency body

The five-day average trading volume for the onshore yuan tumbled to about \$30 billion, the lowest since June amid a resurgence in Covid cases and concern the central bank may intervene to keep the currency stable during the Communist Party congress (Bloomberg).

Metals

Iron ore and copper retreated as fears over China's economy remained in focus, while mining giant BHP Group warned of risks ahead.

Metals are seeking direction after wavering so far this month amid growing clouds over both supply and demand. In China, there is little sign of relief from the two major headwinds for China's recovery -- Covid-19 and the property crisis -- that have also hurt metals demand in recent months.

Virus infections in Beijing rose to their highest in four months amid the twice-a-decade Communist Party congress, and two of the country's coal hubs are battling lockdowns. Meanwhile, there was more downbeat commentary on the country's beleaguered real estate sector. (Bloomberg).

Copper Morning Technical (4-hour)



| | Support | Resistance | Current Price | Bull | Bear |
|----|---------|------------|---------------|---------------------|--------------|
| S1 | 7,344 | R1 | 7,467 | Stochastic oversold | RSI below 50 |
| S2 | 7,276 | R2 | 7,505 | | |
| S3 | 7,190 | R3 | 7,538 | | |

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (42)
- Stochastic is oversold
- Price is below the daily pivot point USD 7,467
- Technically bearish the futures were considered as neutral yesterday due to the lack of price movement and the flat EMA's. Price has moved lower with the futures now below the EMA resistance band 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 7,467 with the RSI at or above 49 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 7,581 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 have traded below the USD 7,402 fractal support, warning the USD 7,344 and USD 7,276 support levels are now vulnerable.

Aluminium Morning Technical (4-hour)



| | Support | Resistance | Current Price | Bull | Bear |
|----|---------|------------|---------------|---------------------|--------------|
| S1 | 2,169 | R1 | 2,188.50 | Stochastic oversold | RSI below 50 |
| S2 | 2,148 | R2 | | | |
| S3 | 2,118 | R3 | | | |

Source Bloomberg

Synopsis - Intraday

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (42)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,209
- The downside move below key support yesterday warned of the potential for further technical weakness, with price targeting the USD 2,191 level in the near-term, if broken the USD 2,137 and USD 2,080.50 levels will be vulnerable. The futures moved lower below our near-term support with price below the EMA resistance band, 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 2,209 with the RSI at or above 47.5 will mean price and momentum are aligned to the buy side. Upside moves that fail at or below USD 2,230 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. Only above USD 2,258 is the intraday technical bullish.
- Technically bearish, the break in fractal support is warning that the USD 2,169 and USD 2,148 support levels are vulnerable. Key resistance levels to follow are at USD 2,230 and 2,258.

Zinc Morning Technical (4-hour)



| | Support | Resistance | Current Price | Bull | Bear |
|----|---------|------------|---------------|------|--------------|
| S1 | 2,862 | R1 | 2,904 | | |
| S2 | 2,855 | R2 | 2,943 | | RSI below 50 |
| S3 | 2,812 | R3 | 2,999.5 | | |

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (43)
- Stochastic is below 50
- Price is above the daily pivot point USD 2,862
- Technically bearish yesterday the break in fractal support at USD 2,858 warned that USD 2,812 and USD 2,758 support levels were vulnerable. The futures traded below the USD 2,855 support but failed to close below this level, resulting in an intraday move higher. Price is below the EMA resistance band supported by the RSI below 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 2,862 with the RSI at or below 40 will mean price and momentum are aligned to the sell side. upside moves that fail at or below USD 2,943 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. Only above USD 2,999.5 is the intraday technical bullish.
- Technically we remain bearish with the futures looking like they are rolling over to the sell side on the Asian session. We now need to see price and momentum become aligned to the sell side for downside continuation. A note of caution as we have the potential to create a positive divergence with the RSI below 2,835. It will be close, so will need to be monitored.

Nickel Morning Technical (4-hour)



| | Support | Resistance | Current Price | Bull | Bear |
|----|---------|------------|---------------|---------------------|--------------|
| S1 | 21,832 | R1 | 21,876 | Stochastic oversold | RSI below 50 |
| S2 | 21,015 | R2 | | | |
| S3 | 20,940 | 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 21,832
- Technically bearish yesterday with the USD 20,940 fractal support looking vulnerable. The futures moved higher yesterday but the upside move failed at the EMA resistance band. The RSI is below 50 with price and momentum now conflicting.
- A close on the 4-hour candle below USD 21,832 with the RSI at or below 44.5 will mean price and momentum are aligned to the sell side. Likewise, a close above this level with the RSI at or above 49 will mean it is aligned to the buy side.
- Key resistance remains unchanged at USD 24,081, as we are yet to trade below the base of the dominant bear wave (USD 20,940). Upside moves above USD 22,795 will target the USD 23,200 and USD 23,320 resistance levels in the near-term. (Unchanged)
- Technically we remain bearish with key near-term resistance at USD 22,795.

Lead Morning Technical (4-hour)



| Support | Resistance | Current Price | Bull | Bear |
|---------|------------|---------------|------|--------------|
| S1 | R1 | 2,003.5 | | RSI below 50 |
| S2 | R2 | | | |
| S3 | R3 | | | |

Synopsis - Intraday

Source Bloomberg

- Price is between the EMA support band (Black EMA's)
- RSI is below 50 (48)
- Stochastic is below 50
- Price is below the daily pivot point USD 2,019
- Technically bullish yesterday with price moving sideways, the futures moved lower with price now trading in the EMA support band. The RSI is below 50 with intraday price and momentum aligned to the sell side.
- A close on the 4-hour candle above USD 2,019 with the RSI at or above 55.5 will mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 1,932 will support a bull argument, below this level the technical will have a neutral bias. Upside moves that trade above and close above USD 2,065 will warn the USD 2,093.5 fractal high could be tested and broken.
- The technical is bullish but the futures are testing the base of the EMA support band with the RSI now dropping below 50. Until we see price and momentum aligned to the buyside, support levels will be vulnerable.