



# Base Morning Technical Report

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

## China

China is experiencing a downturn similar to a recession driven by the housing market slump that has lasted for over a year, according to Tesla Inc.'s founder Elon Musk.

"China is experiencing a recession of sorts" mostly in the property market, said Musk, the electric carmaker's chief executive officer, during a third-quarter earnings call Wednesday US time. He was responding to a question about recent order intake trends, particularly in China, where Tesla has a major factory.

Europe, meanwhile, is facing a recession driven by energy shortages, while the US is in good shape, Musk said, adding that while the Federal Reserve is raising interest rates "more than they should," he thinks they'll "eventually realize that" and bring them back down again (Bloomberg).

## Cu

The copper sector requires \$23 billion of investment in new supply every year for three decades to support an accelerated transition to global warming of 1.5C degrees, according to consultancy Wood Mackenzie.

The global energy transition "presents an almost unattainable mine supply challenge, with significant investment and price incentives required," WoodMac's researchers write in emailed note

Over the coming decade, the world will need to add 9.7 million tons of new annual copper supply, equivalent to about a third of global consumption at present: note

The level of required spending has only previously been seen in a limited period from 2012-2016

Under accelerated transition, copper price needed to match supply to demand is \$9,370 a ton (Bloomberg).

# Copper Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	7,396	Stochastic oversold	RSI below 50
S2	R2			
S3	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (43)
- Stochastic is oversold
- Price is below the daily pivot point USD 7,404
- We noted yesterday that the downside move below the USD 7,402 level warned that the USD 7,344 and USD 7,276 levels were vulnerable. Price has traded to a low of USD 7,341.5 on the Asian open before finding buying support. The futures are below the EMA resistance band supported by the RSI below 50, intraday price and momentum are aligned to the sell side, we are approaching the daily pivot whilst the RSI is testing its MA resistance.
- A close on the 4-hour candle above USD 7,404 with the RSI at or above 46 will mean price and momentum are aligned to the buy side. Upside moves that fail at or below USD 7,563 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish the new low on the open has created a marginal positive divergence with the RSI (this is more pronounced on the 1-hour chart); not a buy signal it is warning that we have the potential to see a momentum slowdown and will need to be monitored.

# Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,180	R1	2,225	Stochastic oversold	RSI below 50
S2	2,169	R2	2,237		
S3	2,148	R3	2,258		

Source Bloomberg

## Synopsis - Intraday

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (44)
- Stochastic is oversold
- Price is above the daily pivot point USD 2,180
- Technically bearish yesterday the break in fractal support warned that the USD 2,169 and USD 2,148 support levels were vulnerable. We did have a small downside move with the futures trading to a low of USD 2,162 before finding light buying support on the Asian open. Price is below the EMA resistance band with the RSI below 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle above USD 2,180 with the RSI at or above 46 will mean price and momentum are aligned to the buy side. Likewise, a close below this level with the RSI at or below 41.5 will mean it is aligned to the sell side. Upside moves that fail at or below USD 2,225 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, like copper we are seeing light buying support on a marginal positive divergence, warning resistance levels could come under pressure.

# Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear	
S1	2,890	R1	2,920.50		RSI below 50	
S2	2,812	R2				2,964
S3	2,758	R3				2,999.5

## Synopsis - Intraday

Source Bloomberg

- Price is between the EMA resistance band (Black EMA's)
- RSI is at 50 (49.9)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,890
- Technically bearish yesterday with the futures looking like they were rolling over to the sell side, we had a note of caution as below USD 2,835 the futures had the potential to create a positive divergence. The futures failed to trade below the USD 2,855 support that had previously been breached, resulting in a move to the upside. Price is now trading between the EMA resistance band with the RSI neutral at 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 2,890 with the RSI at or below 42 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.
- Technically bearish with price now in the EMA resistance band, the RSI is neutral with the stochastic in overbought territory, momentum is vulnerable to a test to the downside. However, if the RSI moves above the 50 level, then the overbought stochastic becomes less relevant. Price and momentum are to the buyside, but we are cautious of this upside move due to the resistance band, Fibonacci resistance and the RSI/stochastic combination. Market buyers will want to seem more to the upside to be convinced this move has legs.



# Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	21,482	R1	21,945		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 (48)
- Stochastic is below 50
- Price is below the daily pivot point USD 22,015
- Technically bearish yesterday with key near-term resistance at USD 22,795, the futures whipsawed around a little yesterday with price initially closing below the daily pivot point before trading into the EMA resistance band. We closed the day slightly higher but below the resistance band with the RSI below 50, if we open below USD 22,015 then price and momentum will be conflicting; however, if we open above this level, it will be aligned to the buyside.
- A close on the 4-hour candle below USD 22,015 with the RSI at or below 44.5 will mean price and momentum will be aligned to the sell side. Key near-term resistance remains unchanged at USD 22,795; upside moves above this level have the potential to test the USD 23,320 and USD 24,081 Fibonacci resistance zone. Likewise, downside moves below USD 21,470 will target the USD 21,015 – USD 20,940 fractal support area.
- Technically we are bearish with price in the EMA resistance band; however, the band itself is fairly flat, indicating there is a lack of direction bias, this also warns that the bands will potentially not be respected as much as when we are in trend.

# Lead Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	1,985.50	Stochastic oversold	RSI below 50
S2	R2			
S3	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (45)
- Stochastic is oversold
- Price is below the daily pivot point USD 1,991
- Technically bullish but moving lower yesterday with price testing the base of the EMA support band, we remained cautious as price and momentum were aligned to the sell side, warning support levels could be vulnerable. The futures have moved lower with price trading 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 1,991 with the RSI at or above 52 will mean price and momentum are aligned to the buy side. 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.
- The futures remain in a corrective phase in what looks to an Elliott wave 4; however, price is now below the EMA support band, which is flat, indicating a lack of trend in the market. Key support to follow is at USD 1,932, upside moves above the USD 2,054 – 2,065 fractal resistance zone would suggest buy side momentum is increasing, if broken, it implies we have entered a bullish impulse wave 5. We remain cautious on this corrective phase as price and momentum remain aligned to the sell side, leaving support levels vulnerable.

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