



Base Morning Technical Report

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

China

CNY, CNH The yuan has strengthened suddenly, most likely on the back of another round of unconfirmed social-media speculation about an accelerated roll-back in Zero Covid measures.

The veracity of this week's rumors aside, it strikes me as perfectly logical to study reopening. The economic impact of Covid Zero is among the most important issues China faces, and it would be odd for the authorities not to at least be assessing such plans.

Of course, news could be two-sided. One can easily imagine that the authorities retain the view that the health costs are too high to proceed at a market-moving pace. They are also less likely to flag a potential change in Covid Zero policy as the more perilous winter months approach. (Bloomberg).

Metals

Metals prices are rising ahead of today's nonfarm payroll release in the U.S. Three-month copper is up 2.5% to \$7,754 a metric ton while nickel is 2.6% higher to \$23,335 a ton. Gold futures are up 1.1% to \$1,648.60 a troy ounce. Today's nonfarm payroll data is expected to provide some indication as to whether the Fed might slow down its pace of hikes at its December meeting, Deutsche Bank's Jim Reid writes. However, news in Asia of a possible Chinese reopening has led Chinese equities and the yuan higher this morning, with Marex's Zenon Ho noting in a note increased copper buying in China on the renewed optimism. (Bloomberg).

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	7,653	R1	7,800	RSI above 50	
S2	7,616	R2	7,879		
S3	7,566	R3	8,153		

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is at 50 (50)
- Stochastic is above 50
- Price is below the daily pivot point USD 7,550
- Technically bearish with a neutral bias yesterday, the downside move in the futures on USD strength took price into bear territory before finding buying support into the close. Persisting rumors that China will ease restrictions, with headlines on Bloomberg indicating that China is working on plans to scrap Covid flight suspensions has resulted in the CNY rallying 1.32% on the Asian open, coupled with USD weakness (down .048%) we have seen strong buying support on the Asian open. The futures are again bearish with a neutral bias with price currently testing the upper Bollinger band resistance. The futures are above the EMA support band with the RSI above 50, intraday price and momentum aligned to the buyside.
- A close on the 4-hour candle below USD 7,550 with the RSI at or below 50 will mean price and momentum are aligned to the sell side. However, key near-term support is above the daily pivot point, downside moves that hold at or above USD 7,566 will support a near-term bull argument, below this level the futures will target the USD 7,460 fractal support. Only above USD 7,800 is the technical bullish.
- The intraday is bearish neutral, the daily is consolidating, we are seeing erratic random price movement, some driven by copper fundamental, some by the currency plays that are going on. However, if we zoom out a little, this seemingly random price movement is forming a 4-week symmetrical triangle that is testing upper trend resistance. This is a neutral pattern and bias will come from a breakout in either direction, a close outside that holds outside of this pattern could signal a new directional bias.

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,251	R1	2,290	RSI above 50	Stochastic overbought
S2	2,217.5	R2	2,310		
S3	2,200	R3	2,343		

Source Bloomberg

Synopsis - Intraday

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (56)
- Stochastic is overbought
- Price is on the daily pivot point USD 2,251
- A mixed day yesterday with price trading below and above the EMA support band which remains flat. Price has followed copper higher this morning on the Asian open with the futures trading above the 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 2,251 with the RSI at or below 50 will mean price and momentum are aligned to the sell side. The futures have briefly traded above the USD2,290 Fibonacci resistance, meaning the technical is considered as bullish once again. Downside moves that trade below USD 2,217.5 will warn that the USD 2,188.5 and USD 2,156.5 fractal supports are vulnerable.
- Technically bullish the EMA bands are flat and compressed, indicating a lack of directional bias, meaning they are not being respected. We remain in what looks to be a large bull flag, if we close above and hold above the upper trend resistance (currently 2,285) it will warn that the technical footprint is starting to strengthen, further support will come on a 4-hour close above the USD 2,343 fractal resistance.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,714	R1	2,779.50		RSI below 50
S2	2,653	R2			
S3	2,565	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (47)
- Stochastic is above 50
- Price is above the daily pivot point USD 2,714
- We have been a cautious bear in the last few days as wave analysis suggested that we should get a move to the downside, whilst the daily technical was in divergence. The futures traded to a new low yesterday, triggering and intraday divergence before moving higher. The futures remain 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 2,714 with the RSI at or below 37.5 will mean price and momentum are aligned to the sell side. Downside moves that trade below the USD 2,653 fractal low will create further positive divergences.
- Having traded to a new low then rallied above the USD 2,787 swing high the futures are now considered as bullish, warning the EMA resistance band could come under some sustained pressure, downside moves that trade to a new low are not considered a technical sell at this point.

Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	22,584	R1	22,803	RSI above 50	
S2	22,256	R2			
S3	21,700	R3			

Synopsis - Intraday

Source Bloomberg

- Price is between the EMA support band (Black EMA's)
- RSI is above 50 (50)
- Stochastic is above 50
- Price is below the daily pivot point USD 23,079
- Technically bearish with a neutral bias yesterday, the consolidation breakout warned that we have the potential to trade as high as USD 25,382. The futures corrected yesterday resulting in a move back into the EMA support band, the RSI is neutral with price and momentum aligned to the sell side.
- A close on the 4-hour candle above USD 23,079 with the RSI at or above 59.5 will mean price and momentum are aligned to the buy side. Downside moves that hold at or above will support a near-term bull argument; below this level the technical will have a neutral bias.
- The base complex is higher on the open, suggesting we should open higher also, USD 22,584 is a key support to follow; however, we can see on the technical that price is now testing the previous consolidation zone, this is a support zone and should attract buying interest.
- Bearish neutral, this could be a classic technical trap, where market sellers look to test support to see if there is genuine buying interest there. If it holds, they will enter from the long side.

Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	1,986	R1	2,016	RSI above 50	Stochastic overbought
S2	1,949	R2	2,037		
S3	1,928	R3	2,058		

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (60)
- Stochastic is overbought
- Price is above the daily pivot point USD 1,986
- Technically bullish, we continued to have reservations with this upside move due to the previous wave failure. Price is moving higher alongside the rest of the freight complex with the futures testing the USD 2,016 resistance. 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 1,986 with the RSI at or below 54.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 1,900 will support a bull argument, below this level the technical will have a neutral bias.
- Bullish on the intraday, bullish but with a neutral bias on the daily. From a technical perspective I have been cautious as we had seen a previous wave failure. I may be missing something on this technical, but if I am I cannot see it at this point, so must maintain the view of a cautious bull.