



Base Morning Technical Report

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

China

The yuan fell to a 13-month low against the currencies of its main trading partners as a resurgence of virus cases in China weighed on sentiment.

The Bloomberg CFETS RMB Index Tracker drops 0.1% to 98.50, the lowest since September 2021

USD/CNY steady at 7.2420; USD/CNH falls 0.3% to 7.2519

“The yuan continues to weaken, particularly on a trade weighted basis,” says Khoon Goh, head of Asia research at ANZ in Singapore

“The spike in Covid cases has put paid to earlier hopes of a reopening, and yesterday’s soft inflation data point to potentially more monetary easing from the PBOC”

China is increasing Covid restrictions in some of its biggest cities, including the capital Beijing, as officials ramp up efforts to tame swelling outbreaks that have pushed the national case tally to the highest in more than six months

CNH and CNY may strengthen heading into the year-end as investors are growing more sensitive to the reopening news than the lockdowns, Ken Cheung, chief Asian FX strategist at Mizuho Bank in Hong Kong, wrote in a note. (Bloomberg).

U.S

Inflation figures released today.

Ni

China Nickel-Sulphate Output to Rise as New Capacity Commissions

China's nickel-sulphate output might rise 7% in November sequentially and 51% from a year earlier, Shanghai Metals Market estimates, as new capacity commissions. The country's output could climb 25% in 2022, based on our scenario analysis, due to rising demand for power batteries used in electric vehicles and increasing use of nickel-rich cathodes. (Bloomberg).

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	8,092	R1	8,232	RSI above 50	
S2	8,083	R2	8,316		
S3	8,044	R3	8,437		

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (62)
- Stochastic is above 50
- Price is above the daily pivot point USD 8,092
- Technically bullish yesterday with a potential upside target at USD 8,296 the futures have continued to move higher. Price is above all key moving averages supported by the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 8,092 with the RSI at or below 59.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 7,988 will support a bull argument, below this level the technical will have a neutral bias.
- The symmetrical breakout has given us a potential upside target at USD 8,296 whilst intraday Elliott wave analysis suggests 8,316. However, yesterday's move has created a negative divergence with the RSI, not a sell signal it does warn that we have the potential to see a momentum slowdown.
- Technically bullish, intraday Elliott wave analysis would suggest we are on a bullish wave 5 of this phase of the cycle. However, the same analysis suggests there is potentially a bigger cycle in play, meaning downside moves are considered as countertrend at this point.

Aluminium Morning Technical (4-hour)



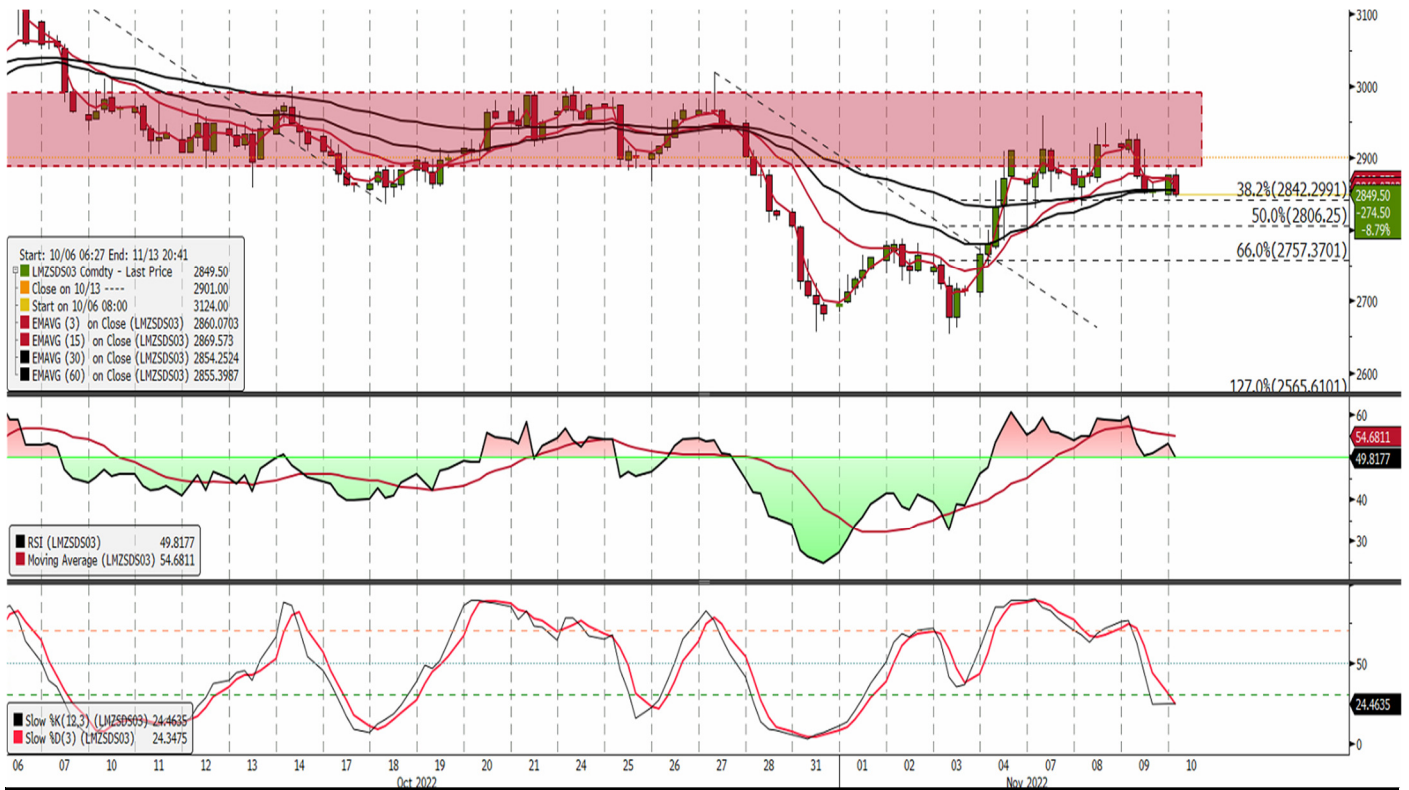
	Support	Resistance	Current Price	Bull	Bear
S1	2,289	R1	2,336	RSI above 50	
S2	2,276	R2	2,394		
S3	2,217	R3	2,425		

Source Bloomberg

Synopsis - Intraday

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (50)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,336
- Technically bullish yesterday on the back of the flag breakout, we noted that the upside move had created a negative divergence with the RSI, not a sell signal it did warn that we had the potential to see a momentum slowdown and needed to be monitored. The futures have moved lower and are now testing the EMA support band with the RSI neutral at 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 2,336 with the RSI at or above 59 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 2,364 will leave the futures vulnerable to further tests to the downside, above this level we target the USD 2,394 high. The deep pullback means we have a neutral bias, below USD 2,289 the futures will have broken fractal support, at this point the intraday technical is bearish.
- Technically bullish with a neutral bias, the futures have moved lower on the back of a negative divergence, having failed to test the base of the Fibonacci resistance zone, warning buyside momentum is now weak. The RSI is neutral at 50 whilst the stochastic is in oversold territory, momentum is warning the futures are vulnerable to a test to the upside. However, this RSI is in the balance, if it moves below 50 then the oversold stochastic becomes less relevant. There are warning signs here that this buyside technical could be in trouble, making the USD 2,289 fractal the key support to follow.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,842	R1	2,880	Stochastic oversold	
S2	2,806	R2	2,959		
S3	2,757	R3	3,019		

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA resistance band (Black EMA's)
- RSI is at 50 (49.8)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,880
- Technically bullish yesterday with upside moves above USD 2,959 targeting the USD 3,019 and USD 3,193 resistance levels. However, we also noted that the futures had entered a resistance zone which warned support levels could come under pressure if it held. The futures failed to trade above the USD 2,959 resistance resulting in a technical pullback, at this point price is holding above the Fibonacci resistance zone. Price is on the EMA resistance band with the RSI neutral at 49.8, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 2,880 with the RSI at or above 56.5 will mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 2,757 will support a bull argument, below this the technical will have a neutral bias.
- Price action is bullish, but the futures are now stuck between key support and a resistance zone, the daily technical is testing the base of the EMA resistance band. For this reason, although the intraday technical is bullish, we are taking a neutral bias due to the congestion above us.

Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	24,654	R1	25,382	RSI above 50	Stochastic overbought
S2	24,252	R2	25,700		
S3	24,015	R3	26,985		

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (66)
- Stochastic is below 50
- Price is above the daily pivot point USD 24,654
- Bearish neutral yesterday with price testing the double top, a close above USD 24,300 warned that resistance levels could be tested and broken, If the Double top held then support levels would be vulnerable. The futures closed above the double top resistance resulting in the futures moving higher. Price is above all key moving averages 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 24,654 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 above USD 23,695 will support a bull argument, below this level we target the USD 22,256 and USD 21,700 support levels.
- Bearish with a neutral bias, the previous double top area (USD 24,300) should in theory act as a support, if it does not, then support levels will be vulnerable.

Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,028	R1	2,045	RSI above 50	Stochastic overbought
S2	2,012	R2			
S3	1,991	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (57)
- Stochastic is overbought
- Price is below the daily pivot point USD 2,054
- The futures were not considered a technical buy yesterday to the dual divergence with the RSI and stochastic. Price has moved higher but failed to hold resulting in a technical pullback. Price remains above all key moving averages supported by the RSI above 50, intraday price and momentum are aligned to the sell side, but the candle remains open, this will need confirmation.
- A close on the 4-hour candle below USD 2,054 with the RSI at or below 57.5 will mean price and momentum are aligned to the sell side. Likewise, a close above this level with the RSI at or above 62 will mean it is aligned to the buyside. Downside moves that hold at or above USD 1,991 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the RSI divergence has failed, the stochastic divergence remains in play with price moving lower. A close on the 4-hour candle below USD 2,033 will warn that the USD 1,991 support could be tested and broken. We maintain our view that the futures are not considered a technical buy at this point.