



Base Morning Technical Report

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Note

The easing of COVID restrictions on the back of public demand is considered to be too fast by the general population according to our sources, with over-the-counter medicines selling out before the weekend. The response by Xi is looking like he is proving a point with COVID cases starting to rise rapidly, suggesting there will have to be a reaction by the Government at some point, which in turn will have implications regarding consumption in the metals and energy sectors. Some of our base sector remain in bullish trending environments, but we have an air of caution as these cycles could potentially fail due to the concerns over rising COVID levels.

China

The total of new home sales in China's four first-tier cities reached 413,119 square meters of floor space last week, according to Bloomberg calculations based on data from China Real Estate Information Corp. on Dec. 12. Shenzhen had the biggest increase, while Guangzhou had the biggest decrease. (Bloomberg).

Metals

Metals and iron ore fell as investors mull growing Covid cases in China that are fueling uncertainty for the consumption outlook.

After reaching a five-month high on Friday, copper logged its largest drop in three weeks. The abrupt decline highlights market jitters as the country grapples with a shaky re-opening from close to three years of strict virus controls. On Sunday, 8,561 new local cases were reported after daily infections topped 10,000 in the previous three days. (Bloomberg).

Copper Morning Technical (4-hour)



| | Support | Resistance | Current Price | Bull | Bear |
|----|---------|------------|---------------|--------------|------|
| S1 | 8,385 | R1 | 8,434.5 | RSI above 50 | |
| S2 | 8,322 | R2 | | | |
| S3 | 8,220 | R3 | | | |

Synopsis - Intraday

Source Bloomberg

- Price is between the EMA support band (Black EMA's)
- RSI is above 50 (52)
- Stochastic is oversold
- Price is below the daily pivot point USD 8,543
- Technically bullish on Friday it remains unclear on the Elliott wave cycle. Price has entered a corrective phase with the futures now trading between the EMA support band. The RSI is above 50 but price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 8,543 with the RSI at or above 62.5 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 8,545 will leave the futures vulnerable to further tests to the downside, above this level the technical will target the USD 8,618 high.
- Technically bullish but with a neutral bias due to the depth of the pullback, downside moves below USD 8,322 will be considered as bearish. USD 8,543-USD 8,545 will be a key resistance zone to follow due to the pivot/Fibonacci overlap, this zone could come under pressure if the RSI holds above 50 as the stochastic is oversold. However, if the RSI move below 50 then the stochastic is considered as less relevant.

Aluminium Morning Technical (4-hour)



| Support | Resistance | Current Price | Bull | Bear |
|---------|------------|---------------|---------------------|--------------|
| S1 | R1 | 2,462.5 | Stochastic oversold | RSI below 50 |
| S2 | R2 | | | |
| S3 | R3 | | | |

Source Bloomberg

Synopsis - Intraday

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (46)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,489
- Bullish but with a neutral bias on Friday, the futures have broken to the downside but remain above the USD 2,419 support. Price is below the EMA support band with the RSI below 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 2,489 with the RSI at or above 53.5 will mean price and momentum are aligned to the buy side. Upside moves that fail at or below USD 2,537 will leave the futures vulnerable to further tests to the downside; note: this level has been rejected leaving the USD 2,419 support vulnerable.
- The technical is bullish with a neutral bias but support is now vulnerable, upside moves above USD 2,530 would suggest resistance levels will be tested and broken.

Zinc Morning Technical (4-hour)



| | Support | Resistance | Current Price | Bull | Bear |
|----|---------|------------|---------------|--------------|------|
| S1 | 3,196 | R1 | 3,216 | RSI above 50 | |
| S2 | 3,175 | R2 | | | |
| S3 | 3,147 | R3 | | | |

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (60)
- Stochastic is above 50
- Price is below the daily pivot point USD 3,229
- The futures looked to have entered another intraday bull cycle last week suggesting downside moves should be considered as countertrend. Price has entered a corrective phase but is holding above the EMA support band with the RSI above 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 3,229 with the RSI at or above 66.5 will mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 3,147 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish but in a corrective phase, upside moves above USD 3,263 will create a negative divergence, not a sell signal it will need to be monitored.

Nickel Morning Technical (4-hour)



| | Support | Resistance | Current Price | Bull | Bear |
|----|---------|------------|---------------|--------------|------|
| S1 | 27,988 | R1 | 29,050 | RSI above 50 | |
| S2 | 26,921 | R2 | | | |
| S3 | 25,111 | R3 | | | |

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (52)
- Stochastic is oversold
- Price is below the daily pivot point USD 29,601
- Technically bullish but holding above key support on Friday, the futures have again moved lower with price trading just above the EMA support band. The RSI is above 50 but price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 29,601 with the RSI at or above 65 will mean price and momentum are aligned to the buy side. Downside moves that hold at or above USD 27,988 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish but in a corrective phase, the RSI is holding above 50 with the stochastic in oversold territory, momentum is warning that the futures are vulnerable to a test to the upside, providing the RSI can hold above 50. A close on the 4-hour candle above USD 30,300 will warn that resistance levels are vulnerable.

Lead Morning Technical (4-hour)



| | Support | Resistance | Current Price | Bull | Bear |
|----|---------|------------|---------------|---------------------|--------------|
| S1 | 2,156 | R1 | 2,167 | Stochastic oversold | RSI below 50 |
| S2 | 2,150 | R2 | | | |
| S3 | 2,143 | R3 | | | |

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (44)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,198
- The lower time Elliott wave cycle warned we could have another test to the upside last week. However, a strong downside has broken fractal support, meaning the intraday technical is now bearish. Price is below the EMA support band with the RSI below 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 2,198 with the RSI at or above 54 will mean price and momentum are aligned to the buy side. Upside moves that fail at or below USD 2,204 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, a close on the 4-hour candle below USD 2,166 will warn that support levels could be tested and broken.

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