



# Base Morning Technical Report

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

## China

China's abrupt ending of its Covid Zero policy injects more uncertainty into an already fragile economy, raising the prospect of looser fiscal and monetary policy and more easing in the property market to bolster growth.

That's the view from economists, who expect President Xi Jinping and his officials to flesh out policy objectives for the coming year at the Central Economic Work Conference taking place this week. A target for next year's growth will also likely be discussed, although it won't be disclosed until March, during the annual legislative meeting. (Bloomberg).

## Cu

Copper prices edge higher as the dollar slips but concerns about China's Covid-19 cases continue. Three-month copper on the LME rises 0.8% to \$8,432 a metric ton. The ICE Dollar Index drops 0.2% as investors await U.S. CPI data which will inform the Fed's thinking on interest rates. Surging coronavirus cases in China are threatening to disrupt the nation's reopening and could undermine demand for metals once more. "The difficulties caused by a rapid move away from a zero-Covid strategy could further weigh on consumer and industrial activity in the short term," says ANZ in a note. (Bloomberg).

# Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	8,395	R1	8,440	RSI above 50	
S2	8,385	R2			
S3	8,322	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (53)
- Stochastic is oversold
- Price is above the daily pivot point USD 8,395
- The RSI failed to hold above 50 yesterday resulting in further downside in the futures; however, we did hold above the base of the EMA support band and the USD 8,322 fractal support. Price is trading back above the EMA support band with the RSI above 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle above USD 8,395 with the RSI at or above 58 will mean price and momentum are aligned to the buy side. Likewise, a close below this level will mean it is aligned to the sell side. Upside moves that fail at or below USD 8,522 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. Only above USD 8,618 is it considered to be bullish.
- Technically bullish with a neutral bias, momentum is again warning the futures are vulnerable to a test to the upside, making key resistance to follow at USD 8,522, if it holds then we could be looking at a more sustained corrective phase.

# Aluminium Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	2,402	R1	2,428	2,421	Stochastic oversold	RSI below 50
S2	2,389	R2	2,486			
S3	2,338	R3	2,530			

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 2,428
- Bullish with a neutral bias yesterday with support levels looking vulnerable having rejected the upside resistance, the futures continued to move lower with price trading below 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 2,428 with the RSI at or above 48.5 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 2,486 will leave the futures vulnerable to further tests to the downside.
- The futures remain in a corrective phase with the pullback now considered as deep, suggesting the probability of the futures trading back up to the USD 2,577 high in this phase of the cycle has now decreased. A close on the 4-hour candle above USD 2,465 will warn that upside resistance levels are vulnerable. Likewise, a close below USD 2,411 will imply that the USD 2,389 and USD 2,338 support levels could be tested and broken.

# Zinc Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	3,244	R1	3,281	3,276	RSI above 50	Stochastic overbought
S2	3,216	R2	3,333			
S3	3,191	R3	3,400			

## Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (64)
- Stochastic is overbought
- Price is above the daily pivot point USD 3,244
- The futures remain in a bullish trending environment with price holding support levels yesterday. 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 3,244 with the RSI at or below 62 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 3,158 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, we do have a minor divergence with the RSI that will need to be monitored. Elliott wave analysis continues to suggest that we have a potential upside target at USD 3,400.50 at this point.

# Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	29,451	R1	30,670	RSI above 50	Stochastic is oversold
S2	27,988	R2	31,954		
S3	26,921	R3	33,575		

## Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (55)
- Stochastic is oversold
- Price is above the daily pivot point USD 29,451
- Technically bullish but in a corrective phase yesterday the futures moved sideways to slightly higher. Price is coming under light pressure on the open but the technical itself is mostly unchanged from yesterday. The futures are above all key moving averages with the RSI above 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle below USD 29,451 will mean price and momentum are aligned to the sell side; likewise, a close above this level with the RSI at or above 61.5 will mean it is aligned to the buy side. Upside moves that fail at or below USD 31,954 will leave the futures vulnerable to further tests to the downside, above this level we target the USD 33,575 high.
- Technically bullish, we remain in a corrective phase with key support unchanged at USD 27,988, downside moves that hold above this level will support a bull argument, if broken the technical will have a neutral bias, warning the USD 26,921 and USD 25,110 support levels could be vulnerable.

# Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,177	R1	2,204	RSI above 50	
S2	2,157	R2	2,229		
S3	2,143	R3	2,233.5		

## Synopsis - Intraday

Source Bloomberg

- Price is between the EMA support band (Black EMA's)
- RSI is above 50 (51)
- Stochastic is below 50
- Price is above the daily pivot point USD 2,177
- The futures traded below but failed to close below the USD 2,166 level yesterday, meaning support levels remained intact. The futures have since moved higher with price between the EMA support band (we are testing the upper EMA) with the RSI above 50, intraday price and momentum are aligned to the buy side.
- A close on the 4-hour candle below USD 2,177 with the RSI at or below 47 will mean price and momentum are aligned to the sell 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. Only above USD 2,229 will the intraday technical be bullish.
- We are seeing bullish price action on the intraday technical with near-term resistance looking vulnerable; however, it remains in place at this point, meaning the technical is still bearish. If we see a close on the 4-hour candle below USD 2,185 then it would suggest that support levels could be tested and broken.