



Base Morning Technical Report

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China

A reopening-led rout in China's bond market is pushing up borrowing costs for banks, increasing focus on Thursday's central bank plans to ensure there is enough cash in the financial system for the medium-term.

While short-term money market rates stay anchored thanks to the People's Bank of China's reserve requirement ratio cut last month, the rate on one-year negotiable certificates of deposits has jumped due to heavy retail redemptions. The yield of around 2.7% on the notes is just five basis points below the PBOC's one-year MLF rate, which means it's becoming more attractive for lenders to borrow from the central bank. (Bloomberg).

Ni

Traders warn LME nickel benchmark disconnected from global market

(Financial Times) -- Traders are warning that thin volumes and erratic trading have disconnected the price of nickel on the London Metal Exchange from the rest of the global market.

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	8,498	R1	8,511.50	RSI above 50	
S2	8,436	R2			
S3	8,399	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (55)
- Stochastic is above 50
- Price is above the daily pivot point USD 8,498
- Better than expected inflation data yesterday resulted in the futures spiking to new highs. Price is above all key moving averages with the RSI above 50, intraday price and momentum are aligned to the buy side.
- A close on the 4-hour candle below USD 8,498 with the RSI at or below 50.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 8,436 will support a bull argument, below this level the technical will have a neutral bias. Only below USD 8,337 is the technical bearish.
- This technical is conflicting a little here, the new high has created a negative divergence, resulting in a momentum slowdown, the pullback however is holding above key support. From our observation it looked like we had already seen Elliott wave completion; however, this new high would suggest we now have a larger bull cycle in play, giving us an upside target of USD 9,027. Technically bullish, the divergence will need to be monitored.

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,451	R1	2,486	2,458	Stochastic oversold
S2	2,402	R2	2,530		
S3	2,389	R3	2,577		
					RSI below 50

Source Bloomberg

Synopsis - Intraday

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (49)
- Stochastic is at 50
- Price is above the daily pivot point USD 2,451
- Technically bullish with a neutral bias yesterday, the depth of the pullback suggested the probability of the futures trading to new highs had decreased; however, a close above USD 2,465 will warn that resistance levels are vulnerable. The futures moved higher on the inflation data to trade within USD 1.00 of the USD 2,486 resistance, the 4-hour candle closed above the USD 2,465 level, meaning the resistance remains vulnerable despite the initial rejection. Price is below the EMA support band with the RSI neutral at 49, intraday price and momentum are aligned to the buy side.
- A close on the 4-hour candle below USD 2,451 with the RSI at or below 50 will mean price and momentum are aligned to the sell side. Key resistance remains unchanged at USD 2,486, the futures are vulnerable below this level, if broken we target the USD 2,530 and USD 2,577 resistance levels.
- Technically we remain bullish with a neutral bias, the close above USD 2,465 does leave the USD 2,486 resistance vulnerable; however, if we see the 4-hour candle close below the daily pivot then the probability of the USD 2,486 resistance holding will increase.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear	
S1	3,299	R1	3,311	RSI above 50	Stochastic overbought	
S2	3,243	R2				3,400
S3	3,213	R3				3,484

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 3,299
- The futures have moved higher with the technical unchanged other than a few minor changes to some support and resistance.
- 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 buy side. (unchanged)
- A close on the 4-hour candle below USD 3,299 with the RSI at or below 61.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 3,173 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. (Unchanged)

Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	27,988	R1	28,779		RSI below 50
S2	26,921	R2	31,748		
S3	25,110	R3	33,105		

Synopsis - Intraday

Source Bloomberg

- Price is between the EMA support band (Black EMA's)
- RSI is below 50 (47)
- Stochastic is oversold
- Price is below the daily pivot point USD 28,779
- Technically bullish but in a corrective phase, the futures continue to move lower but remain above the USD 27,988 support. Price is between 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 28,779 with the RSI at or above 58 will mean price and momentum are aligned to the buy side. Upside moves that fail at or below USD 31,748 will leave the futures vulnerable to further tests to the downside, above this level we target the USD 33,575 high. Likewise, 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.
- Having failed to move higher and test the USD 31,748 resistance the USD 27,988 support is starting to look vulnerable; this will be a key level on the intraday today.
- 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 (unchanged).

Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,169	R1	2,178		RSI below 50
S2	2,157	R2			
S3	2,143	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (46)
- Stochastic is at 50
- Price is below the daily pivot point USD 2,194
- Near-term resistance was vulnerable yesterday due to the intraday price action being bullish. The futures did trade above the USD 2,204 but failed to hold above it; however, the technical is now bearish with a neutral bias. Price is moving lower this morning with the futures below the EMA support band with the RSI below 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle below USD 2,194 with the RSI at or below 45.5 will mean price and momentum are aligned to the sell side. likewise, a close above this level with the RSI at or above USD 49.5 will mean it is aligned to the buyside.
- Technically bearish with a neutral bias, a close on the 4-hour candle below USD 2,181 will warn support levels could come under pressure once again.