



Base Morning Technical Report

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China

The Chinese government's plans to spin the fallout from President Xi Jinping's U-turn on Covid Zero are starting to take shape: Claim victory and hope for a quick return to growth.

Xi is turning to economic growth to help the Communist Party through the Covid shock, a playbook that has worked for more than four decades. The government is also deploying its vast state media apparatus and diplomatic corps to deliver the message that the shift away from Covid Zero started on Dec. 7 — which for almost three years meant lockdowns of large cities, mass testing and largely closed borders — was well timed. (Bloomberg).

Pb

Orders to remove lead from London Metal Exchange warehouses jumped by 6,400 tons to 8,275 tons, bourse data show.

That's the biggest tonnage increase since October

Driven by canceled warrants in Taiwan

Lead extended gains on the LME, rising as much as 3.5%

LME aluminum stockpiles fell 1.7%, the most since July (Bloomberg)

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	8,344	R1	8,364	RSI above 50	Stochastic overbought
S2	8,294	R2			
S3	8,210	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (50)
- Stochastic is overbought
- Price is on/below the daily pivot point USD 8,382
- Technically bullish yesterday, we noted that we had a 5-wave pattern lower, warning the current upside move is potentially countertrend. The futures moved sideways in yesterday's session before moving higher on the Asian open; however, price is rejecting the USD 8,486 resistance with the futures looking like they are potentially in the process of rolling to the downside. Price is above the EMA support band with the RSI neutral at 50, intraday price and momentum are aligned to the buy side as the previous candle closed at USD 8,383.
- A close on the 4-hour candle below USD 8,382 with the RSI at or below 47.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 8,294 will support a bull argument, below this level the technical will have a neutral bias. Only below USD 8,210 is the technical bearish.
- Technically bullish based on price, the rejection of the USD 8,486 level is warning that support levels are now vulnerable. A neutral RSI and overbought stochastic support this.

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,382	R1	2,395	2,381	RSI below 50
S2	2,362	R2	2,410		
S3	2,347	R3	2,421		

Source Bloomberg

Synopsis - Intraday

- Price is below the EMA Resistance band (Black EMA's)
- RSI is below 50 (44)
- Stochastic is below 50
- Price is above the daily pivot point USD 2,395
- Technically bearish with a neutral bias yesterday as the futures continued to move higher on the back of a positive divergence with the RSI. Yesterday's upside move rejected the EMA resistance band with the RSI still below 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle below USD 2,395 with the RSI at or below 42.5 will mean price and momentum are aligned to the sell side. Likewise, a close above this level will mean it is aligned to the buy side. The futures need to trade above USD 2,421 to be bullish.
- Bearish/neutral, the futures have rejected the EMA resistance band; however, we suggest a little caution on downside moves as the MA on the RSI is rising, warning buy side momentum is increasing.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,979.5	R1	2,995	Stochastic oversold	RSI below 50
S2	2,876	R2			
S3	2,793	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (44)
- Stochastic is above 50
- Price is above the daily pivot point USD 3,051
- Technically bearish yesterday, the RSI was below 50 with the stochastic above 69, meaning we were nearing overbought territory. The futures are below the Fibonacci resistance zone with momentum warning we are vulnerable to a test to the downside, providing the RSI remains below 50. We also remained conscious of the support zone highlighted. Price is below the EMA resistance 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 3,032 with the RSI at or above 43.5 will mean price and momentum are aligned to the buyside. Upside moves that trade above USD 3,097 will warn that resistance levels are vulnerable; however, the technical remains bearish below USD 3,216 and neutral above.
- Technically bearish, downside moves below USD 2,979.50 will create a positive divergence within the support zone, suggesting the futures are not considered a technical sell at this point.

Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	27,100	R1	29,035	RSI above 50	Stochastic overbought
S2	26,835	R2			
S3	25,000	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (52)
- Stochastic is below 50
- Price is below the daily pivot point USD 29,113
- The futures moved higher with price closing above the USD 28,925 level. Price is above the 8-21 period EMA's with the RSI above 50, intraday price and momentum is aligned to the buyside.
- A close on the 4-hour candle below USD 29,113 with the RSI at or below 49 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 31,373 will leave the futures vulnerable to further tests to the downside.
- We remain bullish with a neutral bias, the close above USD 28,925 on the four-hour candle is warning resistance level could be vulnerable; however, at this point price is rejecting the Fibonacci resistance zone, meaning the technical is conflicting here. If the RSI moves below 50 then the probability of the USD 27,100 support coming under pressure will increase, as the stochastic is currently overbought.

Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,235	R1	2,245	RSI above 50	Stochastic overbought
S2	2,218	R2			
S3	2,195	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (63)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,193
- Technically bearish yesterday, the upside move in the RSI left us cautious on downside moves, as any divergence was likely to be more prominent, meaning the futures were no considered a technical sell; momentum did warn we could see a near-term test to the downside. The futures did move lower for a period but failed to make a new low before moving higher in the afternoon session. 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 2,193 with the RSI at or below 51 will mean price and momentum are aligned to the buy side. However, key support is above the daily pivot level, Downside moves that hold at or above 2,195 will support a bull argument, below this level the technical will have a neutral bias.
- As solid as the call was yesterday on the futures not being a technical sell, the upside move is completely unrelated, as it is driven by cancelled warrants in Taiwan. Technically we are in divergence, meaning the futures are vulnerable to a momentum slowdown; however, I do not have a technical view at this point due to warrant situation.

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