



Base Morning Technical Report

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China

China's earlier-than-expected recovery in Covid-sensitive services sectors partly contributed to the upgrade from a previous growth forecast of 3.8%, Barclays Plc economists including Jian Chang wrote in a Friday note.

The nation's faster reopening and rapid Covid infections are estimated to bring forward by 3-6 months a likely rebound in services, they wrote

Covid-sensitive services sectors may have bottomed in 4Q 2022

GDP growth in 1Q is expected to come in at around 2.5%, pick up to about 7% in 2Q due to a low base during the Shanghai lockdown last year, and "normalize" to around 5% in the second half of this year (Bloomberg).

Cu

Copper and iron ore extended gains as top consumer China may ease curbs on developer borrowing, relaxing the stringent "three red lines" policy that had worsened one of the country's biggest real estate meltdowns.

The country may allow some property firms to add leverage by relaxing borrowing caps, and push back the grace period for meeting debt targets, said people familiar with the matter. The move adds to a raft of measures to bolster the real estate sector that accounts for about a quarter of the economy.

The "three red lines" metrics emerged in 2020 and were the hallmark of a massive property crackdown as Beijing sought to cut developer leverage, lower risk in the financial sector and make homes more affordable. The consequent property slump hit demand for steel and copper used in construction. (Bloomberg)

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	8,379	R1	8,512.5	RSI above 50	Stochastic overbought
S2	8,343	R2	8,520		
S3	8,293	R3	8,629		

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA resistance band (Black EMA's)
- RSI is above 50 (53)
- Stochastic is overbought
- Price is above the daily pivot point USD 8,347
- Technically bearish on the intraday the futures yesterday, we were trading in and finding support on the on the daily EMA band, suggesting caution on downside moves, key support to follow was at USD 8,114 on the daily technical. The futures held the EMA and Fibonacci support with price moving higher in the E.U morning session. Price is above the EMA support band with the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 8,347 with the RSI at or below 45.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 8,293 will support a near-term bull argument, below this level we target the USD 8,188 low.
- The upside move above USD 8,388 means the intraday technical is back in bull territory, meaning we are aligned with the higher timeframe, a close above USD 8,509.5 will leave market buyers targeting the USD 8,629 high. Likewise, a close on the 4-hour candle below USD 8,383 will imply sell side momentum is increasing, warning the USD 8,293 support could come under pressure.

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,276	R1	2,284	Stochastic oversold	RSI below 50
S2	2,263	R2			
S3	2,234	R3			

Source Bloomberg

Synopsis - Intraday

- Price is below the EMA Resistance band (Black EMA's)
- RSI is below 50 (40)
- Stochastic is oversold
- Price is above the daily pivot point USD 2,276
- Technically bearish yesterday, the futures were seeing light buying support on the back of a minor positive divergence on the 60 min chart, warning we could be vulnerable to an intraday upside moves. The futures traded to a high of USD 2,321.5 before trading back to new a low into the close. Price is below the EMA support band with the RSI below 50, intraday price and momentum are aligned to the buy side.
- A close on the 4-hour candle below USD 2,276 with the RSI at or below 32.5 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 2,369 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically we are bearish; however, the downside move on the close yesterday created a positive divergence with the RSI (Note: the divergence occurred with the RSI holding above its moving average), not a buy signal it does warn of the potential for a momentum slowdown. For this reason, we do not consider the futures a technical sell, as the divergence is suggesting resistance levels could now be vulnerable.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	3,002	R1	3,026.5	RSI above 50	Stochastic overbought
S2	2,947	R2			
S3	2,920.5	R3			

Synopsis - Intraday

Source Bloomberg

- Price is between the EMA resistance band (Black EMA's)
- RSI is above 50 (52)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,3,002
- We continued to maintain a neutral bias yesterday on the intraday technical due to the EMA Resistance band and the support zone converging. The futures have seen a small upside move with price trading between the EMA resistance band but testing the 60 period EMA. The RSI is above 50 with price and momentum aligned to the buyside.
- A close on the 4-hour candle below USD 3,002 with the RSI at or below 45.5 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 3,196 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- We are maintaining a neutral bias at this point but note that resistance levels are starting to look vulnerable. A close on the 4-hour candle above USD 3,097 will further support a buyer's argument, warning the USD 3,196 level could be tested and broken.

Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	27,100	R1	27,748	Stochastic oversold	RSI below 50
S2	25,865	R2			
S3	25,370	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (41)
- Stochastic is oversold
- Price is below the daily pivot point USD 28,119
- Technically bullish but in a corrective phase yesterday, the close below USD 29,920 warned that the USD 28,757 support could be tested and broken. The futures continued to trade lower, the intraday technical remains bullish but now has a neutral bias. 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 28,119 with the RSI at or above 53 will mean price and momentum are aligned to the buy side. Upside moves that fail at or below USD 30,487 will leave the futures vulnerable to further tests to the downside, above this level the futures will target the USD 31,975 fractal resistance.
- Technically bullish with a neutral bias, the USD 27,100 fractal support is looking like it could be tested and broken, implying the daily technical could be entering a more complex corrective phase.

Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,206	R1	2,226.5	Stochastic oversold	RSI below 50
S2	2,182	R2			
S3	2,146.5	R3			

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 2,229
- Technically bullish but in a corrective phase yesterday with support levels looking vulnerable, the futures traded below the USD 2,221 level meaning we now have a neutral bias. 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 2,229 with the RSI at or above 53 will mean it is aligned to the buy side. Upside moves that fail at or below USD 2,266 will leave the futures vulnerable to further tests to the downside, above this level the futures will target the USD 2,302.50 high.
- Technically bullish with a neutral bias, the deep pullback is warning that the USD 2,206 and USD 2,182 support levels could be broken. Below USD 2,182 the intraday technical is bearish; however, we have a note of caution below USD 2,206.5 as it has the potential to create a positive divergence on the 1-hour technical, not a buy signal we could see a momentum slowdown meaning it will need to be monitored.