



# Base Morning Technical Report

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

## China

Chinese equities and the yuan remain heavy even as January PMIs rebound sharply on reopening drive and spending boost from Lunar New Year holiday. The CSI 300 index falls 0.8%, Shanghai Composite also modestly softer. Hang Seng drops 1.3% as tech shares lose ground for a second day. S&P futures ease 0.1% and Nasdaq contracts drift 0.3% lower. The Bloomberg Dollar Spot Index is marginally firmer for fourth day as most G-10 majors weaken. Aussie underperforms on a large retail sales miss, and AUD 3-year yield falls as much as 7bps before paring the move. Treasury 10-year yield steady at 3.54%. JGB futures are near flat following solid 2-year sale. WTI crude pauses around \$77.60; gold eases to near \$1,919. (Bloomberg).

## Zn

And the monthly winner in commodities is .... zinc. The base metal is on course for a gain of ~15% in January, with prices driven higher by an acute scarcity of warehouse stockpiles and the prospect of better Chinese demand as the country leaves Covid Zero behind. That supportive backdrop will likely extend into February.

Inventories held in the global network of LME-monitored sheds have collapsed. Holdings have now slumped to the lowest level since 1986, contracting by ~46% in January. That's the biggest percentage drawdown since 1975.

Understandably in this environment, prices are in backwardation, with spot metal commanding a decent premium to benchmark futures. That metric bears watching closely in case it gaps out further. And as a final kicker, ongoing unrest in key supplier Peru may crimp mine supplies. (Bloomberg)

## Ni

The Philippines, the world's second-biggest nickel supplier, may follow neighboring Indonesia by taxing exports of the metal, adding to supply uncertainties as the market adjusts to a wave of new demand from electric vehicles.

The Southeast Asian nation is considering fees on exports among measures to encourage investment in processing plants, Environment and Natural Resources Secretary Antonia Yulo Lozaga said in an interview in her office on Monday (Bloomberg).

# Copper Morning Technical (4-hour)



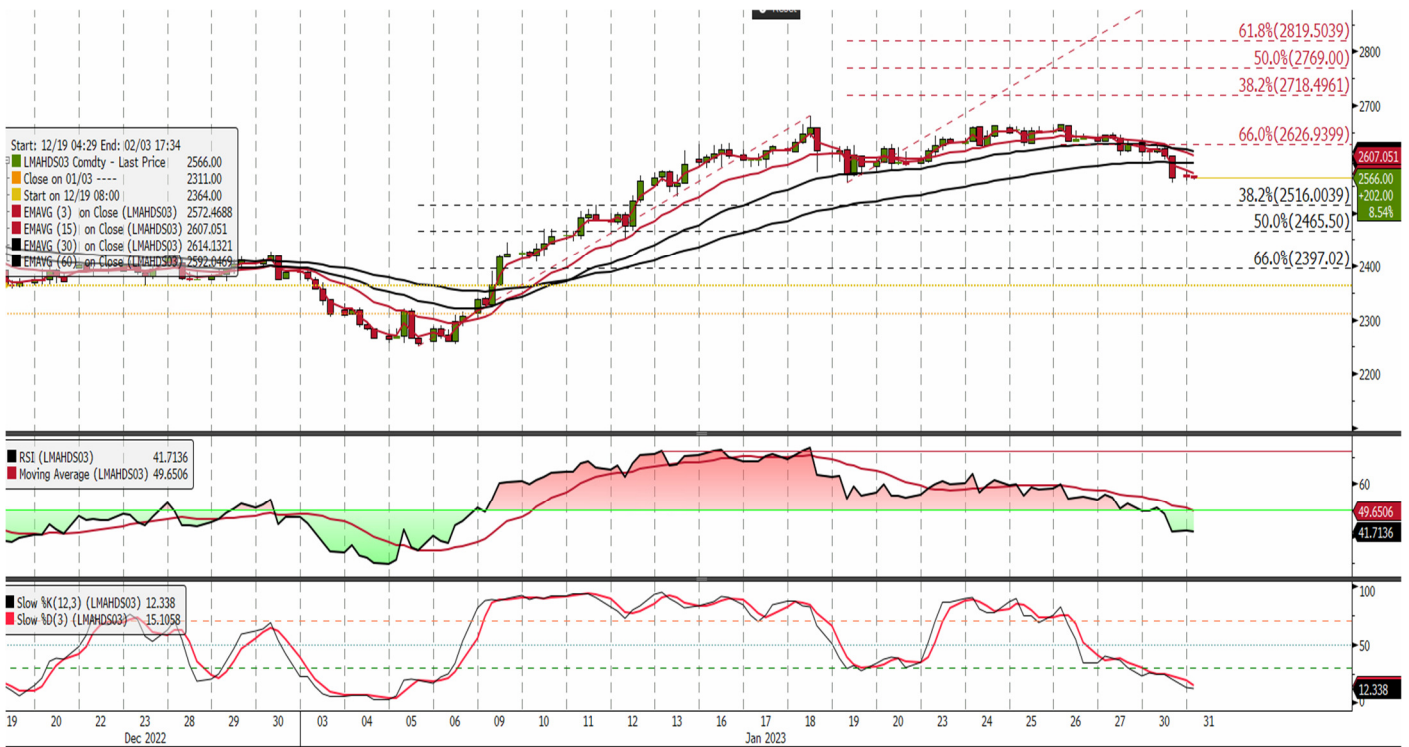
	Support	Resistance	Current Price	Bull	Bear
S1	9,055	R1	9,133	Stochastic oversold	RSI below 50
S2	9,026	R2			
S3	8,951	R3			

## Synopsis - Intraday

Source Bloomberg

- 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 9,236
- Technically bullish but with a neutral bias yesterday with price trading in the EMA support zone, a close on the 4-hour candle below USD 9,191 would weaken the intraday technical further, suggesting the USD 9,026 fractal could be tested and broken. Likewise, a close above USD 9,365 would imply buyside momentum is strengthening. The futures moved sideways for most of the session before moving lower on the Asian open, price has now closed below the USD 9,191 level on the 4-hour candle, warning the USD 9,026 fractal support could be tested and broken. The futures are 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 9,236 with the RSI at or above 51.5 will mean price and momentum are aligned to the buyside.
- Technically bullish with a neutral bias, we have now closed below the USD 9,272 and USD 9,191 support levels, suggesting the USD 9,206 fractal support could be broken, taking the technical into bearish territory. The MA on the RSI is also in a bearish trajectory, warning of momentum weakness. A close above USD 9,250.5 on the 4-hour chart will imply that momentum based on price is starting to strengthen.

# Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,555	R1	2,587	Stochastic oversold	RSI below 50
S2	2,516	R2	2,626		
S3	2,465	R3	2,664		

Source Bloomberg

## Synopsis - Intraday

- 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 2,587
- Technically bullish with downside moves considered as countertrend yesterday, based on the intraday Elliott wave analysis. A near neutral RSI (it was at 49) with an oversold stochastic warned that momentum could be vulnerable to an upside move, if the RSI closed above 50; however, a close on the 4-hour candle below USD 2,572 would warn that support levels could be vulnerable. The futures moved lower with price testing but holding the USD 2,555 fractal support, with price producing a close below the USD 2,572 level. Price is flat on the Asian open with the futures below the EMA support band, the RSI is below 50 with price and momentum aligned to the sell side.
- A close on the 4-hour candle above USD 2,587 with the RSI at or above 52 will mean price and momentum are aligned to the buy side. Downside moves that hold at or above USD 2,397 will support a longer-term bull argument, below these levels the USD 2,251 fractal low becomes vulnerable. Likewise, upside moves that fail at or below USD 2,626 will leave the futures vulnerable to further tests to the downside, above this level we target the USD 2,664 fractal resistance.
- The longer-term technical remains bullish at this point, but the futures are in a corrective phase. The close below USD 2,572 on the 4-hour candle is warning that support levels are now vulnerable, whilst the MA on the RSI is suggesting we could see further momentum weakness with resistance levels looking like they could hold in the near-term, this is based on the MA on the RSI moving lower. Key support to follow is at USD 2,397, if broken it will bring into question the longer-term wave cycle, if it holds then we have the potential to see further tests to the upside.

# Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	3,296	R1	3,418	Stochastic oversold	
S2	3,229	R2			
S3	3,139	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is between the EMA support band (Black EMA's)
- RSI is above 50 (50)
- Stochastic is overbought
- Price is below the daily pivot point USD 3,436
- Bullish but in a corrective phase yesterday with the futures looking like they have entered a corrective wave 4, making USD 3,139 the key support to follow. A close below the EMA support band would warn that the USD 3,296 – USD 3,229 support zone could come under pressure. The futures moved sideways for the session with price remaining in the EMA support band, the RSI is neutral at 50 with price and momentum aligned to the sell side.
- A close on the 4-hour candle above USD 3,436 with the RSI at or above 57.5 will mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 3,139 will support a bull argument, below this level the longer-term technical will have a neutral bias.
- Elliott wave analysis would suggest that the current corrective move lower looks to be countertrend. At this point the pullback looks shallow, suggesting there is the potential for further downside moves from here. If we do see the futures trade to new high, on paper it would suggest there is underlying strength in the market. However, a new high will create a divergence with the RSI, if the RSI is still below its MA and in divergence, then it would suggest that the momentum strength is not evident (from a technical perspective at least), suggesting caution, as the wave 5 could be short.

# Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	29,184	R1	29,219	RSI above 50	Stochastic overbought
S2	28,920	R2			
S3	28,561	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (57)
- Stochastic is overbought
- Price is below the daily pivot point USD 29,646
- Bullish but in a corrective phase yesterday, the downside move on the back of a negative divergence on Friday warned that the Fibonacci support zone was vulnerable, making USD 28,469 the key support to follow. The futures opened bid resulting in support holding and the futures trading to a new high. Price is 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 29,646 will mean price and momentum are aligned to the buy side; likewise, a close below this level with the RSI at or below 52.5 will mean it is aligned to the sell side. Downside moves that hold at or above USD 28,469 will support a bull argument, below this level the technical will have a neutral bias. Only below USD 27,800 is the technical bearish.
- The futures were bid into the close with price trading around USD 29,785; however, the official close was at USD 29,219, hence price and momentum are considered to be conflicting. We are bullish having traded to a new high with the RSI now at resistance; if we open supported with the RSI making a new high close, then we could see resistance levels come under pressure. However, this could be a caution open based on the settlement yesterday, downside moves that close below the daily pivot point will leave support levels vulnerable. A cautious bull.

# Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,142	R1	2,162	Stochastic oversold	RSI below 50
S2	2,112	R2			
S3	2,088	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (49)
- Stochastic is oversold
- Price is above the daily pivot point USD 2,159
- Technically bearish with a neutral bias yesterday with price mean reverting to the resistance band. We held a neutral bias with key support to follow at USD 2,112, if broken, then the probability of the futures trading to a new low would increase. The futures traded lower yesterday but have found light buying support on the Asian open. Price is below the EMA support band with the RSI below 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle above USD 2,159 with the RSI at or above 54 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. Downside moves that hold at or above USD 2,112 will support a near-term bull argument, below this level we target the USD 2,048.5 fractal support.
- The futures remain bearish with a neutral bias, at this point price is holding above the USD 2,112 level. Momentum is weakening, as the RSI has moved below 50; however, the bid support on the open means it is near neutral at 49, whilst the stochastic is oversold. If the RSI closes above and holds above 50, then momentum could be vulnerable to a test to the upside, if it does not, then the USD 2,112 support will be vulnerable.

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