



Base Morning Technical Report

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China

China's central bank sent informal instructions, or the so-called "window guidance", earlier this month to some lenders and asked them to slow the pace of lending to contain risks, Reuters reports, citing three unidentified bankers with knowledge of the matter.

Banks were told to control the scale of new loans in February to avoid issuing new loans at a too-quick pace

NOTE: China's Banks Extend Record Loans as Companies Borrow More (Bloomberg).

Al

Aluminum climbed in both London and Shanghai after smelters were reported to have cut more capacity in China's Yunnan province due to an ongoing shortfall in energy supplies.

The local power grid has ordered an additional 415,000 tons of capacity cuts in the major producing region from Feb. 18, Citigroup Inc. analysts including Jack Shang said in an emailed note on Monday, citing industry information. That extends the cuts seen since last year due to low hydro power generation.

The smelters are unlikely to resume production in the first half because of the constraints on their power supply, the bank said. (Bloomberg)

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	8,960	R1	9,062.5		RSI below 50
S2	8,880	R2	9,110		
S3	8,845	R3	9,289		

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA resistance band (Black EMA's)
- RSI is above 50 (52)
- Stochastic is overbought
- Price is above the daily pivot point USD 8,960
- Technically bullish based on price on Friday, the futures were not in a trending environment, as highlighted by the Flat EMA support band. The RSI was just below 50 with the stochastic in overbought territory, momentum was vulnerable to a test to the downside. If the RSI moved above and held above the 50 level, then the overbought stochastic would be less relevant. The key level to follow was the USD 8,880 support. The futures traded to a low of USD 8,879, meaning key support was broken by USD 1.00; however, the RSI held its MA support, resulting in the futures moving above the USD 9,000 level, meaning the technical is still considered to be bullish. Price is above the EMA support band with the RSI above 50, intraday price and momentum are aligned to the buy side.
- A close on the 4-hour candle below USD 8,960 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 8,880 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish base on the strength of the upside move, the breach in the USD 8,800 support does warn that sell side momentum remains strong. The MA on the RSI is moving in an upward trajectory suggesting support levels could/should hold in the near-term, warning resistance levels are vulnerable. With the EMA band still flat whilst the intraday has broken key support and resistance in one 24-hour period, we have a note of caution on this intraday technical, due to the lack of a trending environment.

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,391	R1	2,431		RSI below 50
S2	2,372	R2	2,443	2,416	
S3	2,367	R3	2,464		

Source Bloomberg

Synopsis - Intraday

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (45)
- Stochastic is above 50
- Price is above the daily pivot point USD 2,391
- We remained technically bearish last week but continued to see evidence of momentum support on lower timeframe charts, implying resistance levels remained vulnerable. The futures did initially move lower before finding bid support into the close, a move higher on the open means we have broken a minor fractal resistance, suggesting buyside momentum is increasing. Price is below the EMA resistance band with the RSI below 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 2,391 with the RSI at or below 36.5 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 2,431 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. Only above USD 2,464 is the intraday technical bullish. Likewise, downside moves that hold at or above USD 2,391 will support a near-term bull argument, below this level the futures will target the USD 2,372 – USD 2,361 support zone.
- Technically bearish, the RSI held its MA support whilst moving higher on a lower timeframe divergence, suggesting resistance levels are now vulnerable. Key support to follow is at USD 2,391.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	3,043	R1	3,072.5		RSI below 50
S2	3,020	R2			
S3	2,982.5	R3			

Synopsis - Intraday

Source Bloomberg

- Price is between the EMA resistance band (Black EMA's)
- RSI is below 50 (48)
- Stochastic is overbought
- Price is above the daily pivot point USD 3,043
- Technically unchanged but in divergence with price on a support zone on the last report. The futures were not considered a technical sell, as resistance levels were now vulnerable, making USD 3,095 the key resistance to follow. The futures held support with price moving higher, we remain below the USD 3,095 resistance. Price is between the EMA resistance band with the RSI below 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 3,043 with the RSI at or below 39.5 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 3,095 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. Only above USD 3,145 is the technical bullish. Likewise, downside moves that hold at or above USD 3,020 will support a near-term bull argument, below this level we target the USD 2,982.5 fractal low.
- Technically we remain bearish, but there is evidence of buyside support in the market. However, the RSI is below 50 with the stochastic in overbought territory, providing the RSI remains below 50 then momentum will be vulnerable to a test to the downside; however, if the RSI moves above and holds above 50 then the stochastic will be considered as less relevant, as it is faster moving. The futures remain supported, but the RSI/MA combination remains a concern, making USD 3,095 the key resistance to follow.

Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	25,464	R1	25,793	Stochastic oversold	RSI below 50
S2	25,082	R2			
S3	24,700	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (36)
- Stochastic is oversold
- Price is below the daily pivot point USD 25,939
- Technically bearish on Friday, the futures were finding light buying support with price and momentum aligned to the buyside. We remained cautious on downside moves due to the longer-term divergence in play (11/01/23), like the previous day, if we moved lower and the divergence failed, then the USD 24,837 support could be tested. The futures have moved lower with price trading to a new low, we remain 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 25,939 with the RSI at or above 41 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 26,312 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. Only above 26,700 is the technical bullish.
- Technically bearish, the RSI is now on support, meaning we still have a minor divergence in play, suggesting a note of caution at this point. However, as noted previously if the divergence fails then support levels will be vulnerable. A cautious bear whilst the divergence is in play.

Lead Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,070		RSI below 50
S2	R2			
S3	R3			

Source Bloomberg

Synopsis - Intraday

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (47)
- Stochastic is above 50
- Price is above the daily pivot point USD 2,062
- The futures remained bearish last week but due to the divergence in play and the 4-hour rejection candle, we remained cautious on downside moves, as resistance levels were now vulnerable. A close on the 4-hour candle below USD 2,023 warned that support levels will be vulnerable, as this will be below the base of the bullish rejection candle. Having moved sideways for most of the session we did see price move higher into the close, resulting in the futures trading into the Fibonacci resistance zone. We remain below the EMA resistance band with the RSI below 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 2,062 with the RSI at or below 39 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 2,083 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. Only above USD 2,115 is the technical bullish.
- The bullish rejection candle on the back of the divergence means that the USD 2,083 resistance is now vulnerable. If broken market buyers will look to target the USD 2,115 fractal resistance; however, if the resistance holds, then the technical remains vulnerable.

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