



# Base Morning Technical Report

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## China

China's CPI may rise about 2% in February with food price gains narrowing and PPI deflating, Securities Daily reports, citing analysts. Food price increases may narrow from a high base last year due to Lunar New Year demand, the report says, citing Wang Qing, an analyst from Golden Credit Rating (Bloomberg).

## Cu/Al

Copper and aluminum are heading for their biggest monthly declines since June as investors price in a more aggressive Federal Reserve amid signs of ample global inventories.

Copper is down about 4% in February, halting a three-month run of gains, while aluminum is about 11% lower. The prospect of US interest rates going higher for longer has weighed on industrial commodities along with a strong dollar and uncertainty about China's recovery.

On the supply side, Freeport-McMoRan Inc. restarted its giant Grasberg operation as expected after a landslide at the Indonesian mine triggered an outage earlier this month. That's eased immediate concerns around supplies after disruptions in Latin America.

In aluminum, a series of big inflows of metal into London Metal Exchange warehouses has highlighted ample availability. Spot aluminum recently traded at its biggest discount to benchmark futures in eight years, also pointing to a much slacker market.

Investors are on watch for fresh signals that China will bolster support for infrastructure and real estate at annual parliamentary meetings that start this weekend in Beijing. (Bloomberg)

# Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	8,779	R1	8,860		RSI below 50
S2	8,670	R2	8,919		
S3	8,559	R3	8,998		

## Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (43)
- Stochastic is below 50
- Price is below the daily pivot point USD 8,779
- Technically bearish yesterday, the RSI was making new lows alongside price whilst its MA continued to slope in a downward trajectory, suggesting upside moves should be considered as countertrend, making USD 8,998 the key resistance to follow. The futures have moved higher but price remains below the Fibonacci resistance zone and the EMA band, the RSI is below 50 with price and momentum aligned to the buyside.
- A close on the 4-hour candle below USD 8,779 with the RSI at or below 37 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 8,998 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, the RSI continues to suggest that the current upside move looks to be countertrend, making USD 8,998 the key resistance to follow. A close on the 4-hour candle above USD 8,928 will warn that the USD 8,998 resistance could be tested and broken.

# Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,321	R1	2,358	Stochastic oversold	RSI below 50
S2	2,310	R2			
S3	2,262	R3			

Source Bloomberg

## Synopsis - Intraday

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (42)
- Stochastic is oversold
- Price is below/on the daily pivot point USD 2,360
- Technically bearish on the last report, the RSI was finding support near its lows. Downside moves below USD 2,321.5 had the potential to create a positive divergence on the 1-hour technical, not a buy signal, it warned that we have the potential to see a momentum slowdown, suggesting caution on downside breakouts. The RSI held support resulting in a move higher; however, price remains below the EMA resistance band with the RSI below 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle above USD 2,360 will mean price and momentum are aligned to the buyside; likewise, a close below this level with the RSI at or below 36.5 will mean it is aligned to the sell side. Upside moves that fail at or below USD 2,485 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- We remain technically bearish with the RSI below 50, the breach in the RSI support on the 24/10 is warning that we are still vulnerable to a move to the downside, suggesting caution on upside moves. Key resistance to follow remains at USD 2,485.

# Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,939	R1	2,987	Stochastic oversold	RSI below 50
S2	2,884	R2			
S3	2,821	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (42)
- Stochastic is at 50
- Price is on the daily pivot point USD 2,988
- Technically bearish yesterday, the futures were in divergence with the RSI whilst price was in its long-term support zone. Not a buy signal warned that we had the potential to see a momentum slowdown, indicating although bearish the futures are not considered a technical sell at this point. The futures moved higher for the rest of the session before coming under light pressure on the Asian open. Price is below the EMA resistance band with the RSI below 50, intraday price and momentum is conflicting.
- A close on the 4-hour candle below USD 2,988 with the RSI at or below 38.5 will mean price and momentum are aligned to the sell side; likewise, a close above this level will mean it is aligned to the buyside. Upside moves that fail at or below USD 3,077 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, the futures remain in divergence with the RSI; however, we remain below key resistance levels with price rolling to the downside, suggesting we could trade to a new low in the near-term. Despite the futures moving lower, we do not consider the market as a technical sell, as further divergence would suggest we could see some market accumulation at lower levels.

# Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	25,090	R1	25,505	Stochastic oversold	RSI below 50
S2	24,280	R2			
S3	23,730	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (43)
- Stochastic is oversold
- Price is above the daily pivot point USD 25,090
- Technically bearish with the RSI making new lows alongside price yesterday, implying resistance levels could/should hold if tested in the near-term. The daily technical had closed below the 200-period MA (USD 25,037), warning the higher timeframe technical is weakening. However, if we start to see a daily close that holds above this level, it could warn that market buyers are starting to accumulate around the longer period average. The futures have moved higher but price remains 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 25,090 with the RSI at or below 37.5 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 26,335 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- We have seen a close back above the daily 200-period average; however, we now need to hold above this level to convince the market is supported. The intraday technical continues to warn that resistance levels should hold with the USD 24,280 support still vulnerable.

# Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,072	R1	2,098		
S2	2,050	R2	2,113		RSI below 50
S3	2,023	R3	2,132		

Source Bloomberg

## Synopsis - Intraday

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (47)
- Stochastic is overbought
- Price is below the daily pivot point USD 2,098
- We remained technically bearish yesterday but with a neutral bias, the MA on the RSI was flat, warning sell side momentum was slowing. However, key resistance to follow was at USD 2,132. The upside move had started with the MA on the RSI in a bearish trajectory, suggesting the USD 2,132 level could hold in the near-term. The futures moved higher with price rejecting the USD 2,113 Fibonacci resistance, resulting in the futures moving lower on the open. Price is below the EMA resistance band with the RSI below 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle below USD 2,098 with the RSI below 46 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. Upside moves that fail at or below USD 2,132 will leave the futures vulnerable to further tests to the downside, above this level we target the USD 2,175 fractal high. Likewise, downside moves that hold at or above USD 2,072 will support a near-term bull argument.
- The futures are rejecting the upside resistance, but momentum is now conflicting. The RSI is below 50 with the stochastic is in overbought territory. If the RSI can hold below 50 then momentum would suggest we are vulnerable to a test to the downside. However, the MA on the RSI is now rising implying buy side momentum is starting to strengthen, making USD 2,072 the key support to follow. Bullish with a neutral bias, if the support holds we could test upside resistance, if broken the RSI/Stochastic combination suggests we test the USD 2,050 fractal support.

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