



Base Morning Technical Report

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U.S.

Fed Tonight

Al

The most active SHFE 2305 aluminium contract closed at 18,155 yuan/mt overnight, an increase of 45 yuan/mt, or 0.25%, from the previous trading day. LME aluminium closed at \$2,269/mt, down \$14.5/mt or 0.63%, from the previous trading day.

On the macro level, the risk of overseas banks has been downgraded and the market generally believes that the Fed may slow down raising interest rates. The US dollar index fell and metals rose overnight. On the fundamentals, the domestic supply side has recovered slightly, and the current improvement in downstream consumption has driven the rapid destocking of aluminum. With strong support from fundamentals, aluminum prices will remain rangebound in the short term. (SMM)

Copper Morning Technical (4-hour)



| | Support | Resistance | Current Price | Bull | Bear |
|----|---------|------------|---------------|--------------|-----------------------|
| S1 | 8,732 | R1 | 8,772 | RSI above 50 | Stochastic overbought |
| S2 | 8,689 | R2 | 8,851 | | |
| S3 | 8,632 | R3 | 8,950 | | |

Synopsis - Intraday

Source Bloomberg

- Price is between the EMA resistance band (Black EMA's)
- RSI is above 50 (51)
- Price is below the daily pivot point USD 8,772
- Stochastic is overbought
- Conflicting momentum yesterday, as the RSI was below 50 with the stochastic in overbought territory, providing the RSI could remain below 50, then momentum warned we were vulnerable to a test to the downside. However, countering this was the MA on the RSI, which was moving higher, suggesting support levels could hold if tested, or that the RSI would move above 50. For this reason, although technically bearish, we remained cautious on downside moves. The futures did not test the downside with price trading to a high of USD 8,870 before pulling back into the close. A small move lower in the Asian day session means price is trading in the EMA resistance band, the RSI is above 50 but price and momentum are conflicting.
- A close on the 4-hour candle below USD 8,772 with the RSI at or below 47 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. Downside moves that hold at or above USD 8,632 will support a near-term bull argument, below this level the futures will target the USD 8,509.5 and USD 8,442 fractal support levels. Above USD 8,950 the intraday technical is bullish.
- Technically bearish but with a neutral bias on the back of the move yesterday, the MA on the RSI would suggest that momentum is supported at this point. We remain cautious on downside moves as resistance levels continue to look vulnerable.

Aluminium Morning Technical (4-hour)



| Support | Resistance | Current Price | Bull | Bear |
|---------|------------|---------------|------|--------------|
| S1 | R1 | 2,273 | | RSI below 50 |
| S2 | R2 | | | |
| S3 | 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 below the daily pivot point USD 2,276
- Technically bearish with support levels remaining vulnerable yesterday, the technical was unchanged. A new low would create another positive divergence with the RSI, leaving us a cautious bear on downside breakouts, as momentum looked to be slowing down. The futures continued to consolidate with the RSI below 50 whilst price and momentum are still conflicting.
- A close on the 4-hour candle below USD 2,276 with the RSI at or below 41 will mean price and momentum are aligned to the sell side; likewise, a close above this level with the RSI at or below 45 will mean it is aligned to the buyside. Upside moves that fail at or below USD 2,329 will leave the futures vulnerable to further tests top the downside, above this level the technical will have a neutral bias. Only above USD 2,380 is the technical bullish.
- Like yesterday the technical remains unchanged, we remain a cautious bear on downside breakouts due to the positive divergence.

Zinc Morning Technical (4-hour)



| | Support | Resistance | Current Price | Bull | Bear |
|----|---------|------------|---------------|---------------------|--------------|
| S1 | 2,852 | R1 | 2,871 | Stochastic oversold | RSI below 50 |
| S2 | 2,818 | R2 | 2,859 | | |
| S3 | 2,785 | R3 | 2,967 | | |

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (42)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,871
- The RSI was moving lower yesterday but its MA continued to rise, suggesting sell side momentum was still potentially slowing. The technical was bearish neutral with key near-term support at USD 2,852, downside moves below USD 2,818 would create a positive divergence with the RSI, leaving us cautious on downside breakouts. The futures did move lower with price trading below but failing to hold below the USD 2,852 support, this intraday technical is now bearish. Price is below all key moving averages supported by the RSI below 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 2,871 with the RSI at or above 48 will mean price and momentum are aligned to the buyside.
- Technically we are bearish with the move below USD 2,852 suggesting support levels could be vulnerable. The MA on the RSI is now flat but had previously warned that sell side momentum was slowing, whilst below USD 2,818 will mean price is in divergence with the RSI. For this reason, we remain cautious on downside moves/breakouts, as the divergence is warning that price could struggle to hold if a new low is achieved.

Nickel Morning Technical (4-hour)



| | Support | Resistance | Current Price | Bull | Bear |
|----|---------|------------|---------------|------|--------------|
| S1 | 22,450 | R1 | 22,514 | | RSI below 50 |
| S2 | 22,175 | R2 | | | |
| S3 | 21,783 | R3 | | | |

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (38)
- Stochastic is oversold
- Price is below the daily pivot point USD 22,613
- Technically bearish yesterday, the futures had previously closed just above the USD 22,620 support, warning that it could be tested and broken on the open. However, as previously noted a new low would create a positive divergence with the RSI, leaving us cautious on downside breakouts. The futures have moved lower with price now in divergence with the RSI, we remain below all key moving averages supported by the RSI below 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 22,613 with the RSI at or above 45.5 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 23,200 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. Only above USD 23,615 is the technical bullish.
- Technically bearish, the futures are now in divergence with the RSI, not a buy signal it warns that we have the potential to see a momentum slowdown. For this reason the futures are not considered a technical sell at this point as price is vulnerable to a test to the upside, or at least, a momentum slowdown.

Lead Morning Technical (4-hour)



| Support | | Resistance | | Current Price | Bull | Bear |
|---------|-------|------------|-------|---------------|--------------|-----------------------|
| S1 | 2,102 | R1 | 2,134 | 2,109 | RSI above 50 | Stochastic overbought |
| S2 | 2,097 | R2 | 2,140 | | | |
| S3 | 2,085 | R3 | 2,159 | | | |

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (53)
- Stochastic is below 50
- Price is above the daily pivot point USD 2,104
- Technically bullish with the upside breakout indicating that the pattern was a reversal one compared to a continuation. The MA on the RSI suggested momentum was supported, meaning resistance levels were vulnerable. The futures traded to a high of USD 2,134.5 before selling back into the triangle; however, we did reject and close above it. Price is above the EMA support band with the RSI above 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 2,104 with the RST at or above 56 will mean price and momentum are aligned to the buyside.
- Some mixed signals on the technical, we tested and rejected the pattern which would normally have bullish implications going forward; however, the pullback is deep, meaning the technical although bullish now has a neutral bias. This is not a convincing breakout at this point, meaning we are going to take a neutral view, as we need to see more to the upside to convince that we could run.