



Base Morning Technical Report

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

U.S.

A recession is certain and so are rate cuts this year. That's the message from the bond market metric Federal Reserve Chairman Jerome Powell highlighted a year ago as the best guide to tip-off economic troubles in the US.

The expected three-month T-bill rate in 18 months' time dropped to 134 basis points under the current rate. That's below the previous record nadir it hit in January 2001 — about two months before the US economy fell into recession. (Bloomberg)

Cu/Al

Copper extended gains for a sixth day after the dollar weakened further in the wake of the latest Federal Reserve comments, while aluminum rebounded from its lowest close in more than two months as demand in China gradually picks up as peak construction season approaches.

The rallies come after base metals were hammered early last week as the banking crisis damped risk appetite. The selloff ended following swift intervention from the US and Swiss authorities.

The dollar has fallen about 2% over six consecutive trading days, making commodities priced in the currency cheaper.

Fed Chair Jerome Powell on Wednesday said policymakers considered a pause in their interest-rate hiking campaign because of the recent banking-sector turmoil, with traders' deepening expectations for cuts later this year. Still, he added the central bank would implement higher-for-longer increases should inflation demand it.

"With the Fed's aggressive rate hike cycle nearing its end, we expect the USD to weaken, which is likely to be a strong tailwind for commodity markets," analysts including Daniel Hynes at ANZ Banking Group Ltd. said in a note.

In China, buying has picked up among aluminum users after prices pulled back, Guangzhou Futures Co. said in a note on Thursday. Chinese inventories have started to dwindle as fabricators boost runs, it said.

Aluminum rose 0.7% to \$2,303 a ton on the London Metal Exchange as of 1:43 p.m. in Shanghai. Prices closed at \$2,266.50 on Tuesday, the lowest since Jan. 5. Copper gained 0.6% to \$8,938.50, while zinc was steady.

(Bloomberg)

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	8,879	R1	8,976	RSI above 50	Stochastic overbought
S2	8,776	R2	8,928		
S3	8,712	R3	9,140		

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA resistance band (Black EMA's)
- RSI is above 50 (58)
- Price is above the daily pivot point USD 8,879
- Stochastic is overbought
- Technically bearish with a neutral bias yesterday, the MA on the RSI implied that momentum was supported, leaving us cautious on downside moves. The futures did move higher with price breaking fractal resistance into the close, the intraday technical is now bullish. Price is above the EMA resistance 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 8,879 with the RSI below 51.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 8,625 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish with price above all key moving averages. The new high has created a negative divergence on the 1-hour RSI, not a sell signal it will need to be monitored as it is warning we have the potential to see a momentum slowdown. Key support has been revised lower to USD 8,625, this is because we have a lower timeframe Elliott wave cycle that is near completion (if not completed – 43 min candle). Downside moves that hold above this level will warn we could be about to start a new lower timeframe bull cycle.

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,280	R1	2,300	RSI above 50	Stochastic overbought
S2	2,254	R2			
S3	2,238	R3			

Synopsis - Intraday

Source Bloomberg

- Price is between the EMA resistance band (Black EMA's)
- RSI is above 50 (50)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,280
- Technically unchanged yesterday we remained a cautious bear on downside breakouts due to the positive divergence in play. The futures moved higher yesterday, meaning price is now trading in the EMA resistance band with the RSI neutral at 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 2,280 with the RSI at or below 43 will mean price and momentum are aligned to the sell side. 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.
- The futures remain in consolidation, but the RSI is at a bit on an inflection point, as it is at 50 with the stochastic overbought. If the RSI moves below 50 then price will be vulnerable to a test to the downside; likewise, if it holds above then the stochastic is less relevant. The futures have now formed a base with further divergences likely below USD 2,254, we remain cautious on downside moves as resistance levels are now looking vulnerable.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,834	R1	2,860		RSI below 50
S2	2,818	R2			
S3	2,785	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (44)
- Stochastic is below 50
- Price is below the daily pivot point USD 2,868
- Technically bearish yesterday as the move below USD 2,852 suggested support levels could be vulnerable. The MA on the RSI had flattened, but previously warned that sell side momentum was slowing, whilst below USD 2,818 the futures would be in divergence with the RSI. For this reason, we remained cautious on downside moves/breakouts, as the divergence warned that price could struggle to hold if a new low was achieved. Having moved lower in the Asian day session the futures traded up to but rejected the EMA resistance band. Price is flat to yesterday's close with the RSI below 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle above USD 2,868 will mean price and momentum are aligned to the buy side; likewise, a close below this level with RSI at or below 52.5 will mean it is aligned to the sell side.
- We remain technically bearish but cautious on downside moves as a new low will create another positive divergence with the RSI, not a buy signal it is warning we have the potential to see a momentum slowdown. The RSI is now holding above its MA suggesting resistance levels could be vulnerable.

Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	22,450	R1	22,708	Stochastic oversold	RSI below 50
S2	22,175	R2	22,861		
S3	21,783	R3	23,005		

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 22,708
- Technically bearish yesterday, the futures were in divergence with the RSI, not a buy signal it warned that we have the potential to see a momentum slowdown. For this reason, the futures were not considered a technical sell, as price was vulnerable to a test to the upside, or at least a momentum slowdown. The futures opened higher but moved lower; however, we failed to make a new low with price supported into the close. We remain 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 22,708 with the RSI at or below 40 will mean price and momentum are aligned to the sell side. Likewise, a close above this level with the RSI at or above 44 will mean it is 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 remain in divergence with the RSI, not a buy signal it warns that we have the potential to see a momentum slowdown. we maintain our view that the futures are not considered a technical sell at this point.

Lead Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	2,120	R1	2,134	2,125	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 (56)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,120
- A mixed technical, the futures had broken and retested the pattern breakout but the pullback was deep, meaning the technical was bullish but with a neutral bias. We were not convinced on the breakout so took a neutral view. The futures have moved higher but remain below the USD 2,134.5 high from the 21/03. 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 2,120 with the RSI at or below 52.5 will mean price and momentum are aligned to the sell side.
- The technical is bullish after the move higher yesterday; however we are maintaining a neutral view until we see a close above the USD 2,134.5 high, as price is still trading within the dominant bear candle from the 21/03.