



# Base Morning Technical Report

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## China

China's emergency support for borrowers from its Belt and Road infrastructure program has ballooned as foreign governments struggle under heavy debts, highlighting the extent of Beijing's bad-loan problem as it works to overhaul its overseas lending strategy.

The scale of China's often-opaque assistance to borrowers in distress means Beijing has effectively established a new system for international rescue lending that exists alongside the International Monetary Fund and other Western institutions, according to new research published by the World Bank.

Researchers say China's willingness to lend more to struggling borrowers risks prolonging their difficulties by avoiding the need for painful economic changes. The opaque terms around China's lending also risk complicating debt-relief efforts by obscuring countries' true financial health, they say. (Bloomberg)

# Copper Morning Technical (4-hour)



|    | Support | Resistance | Current Price | Bull         | Bear |
|----|---------|------------|---------------|--------------|------|
| S1 | 8,941   | R1         | 9,005         | RSI above 50 |      |
| S2 | 8,871   | R2         |               |              |      |
| S3 | 8,802   | R3         |               |              |      |

## Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (57)
- Price is above the daily pivot point USD 8,941
- Stochastic is below 50
- Technically bullish but with a neutral bias yesterday, the futures were moving lower on the back of a negative divergence on the 1-hour chart. However, the 4-hour RSI had made a new high warning that there was potentially a larger cycle in play, making USD 8,664 the key support to follow. The futures did move lower in the Asian day session but found support on the EMA band, the RSI is holding above 50 with intraday price and momentum currently conflicting.
- A close on the 4-hour candle above USD 8,941 with the RSI at or above 59.5 will mean price and momentum are aligned to the buy side. Likewise, a close below this level with the RSI at or below 55 will mean it is aligned to the sell side. Downside moves that hold at or above USD 8,708 will support a longer-term bull argument, below this level the daily technical will have a neutral bias.
- Technically bullish with the futures holding support, it does look like that there is a larger Elliott wave cycle in play, suggesting downside moves should be considered as countertrend at this point. Using the William's approach, we now have a potential upside target at USD 9,108 for this phase of the cycle.

# Aluminium Morning Technical (4-hour)



| Support | Resistance | Current Price | Bull         | Bear                  |
|---------|------------|---------------|--------------|-----------------------|
| S1      | R1         | 2,369         | RSI above 50 | Stochastic overbought |
| S2      | R2         |               |              |                       |
| S3      | R3         |               |              |                       |

## Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (63)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,353
- Technically bearish with a neutral bias, the MA on the RSI suggested momentum was supported. The futures have traded to a new high but remain below the USD 2,380 fractal resistance on the daily chart, price is above the EMA support band with the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 2,353 with the RSI at or below 57 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 2,333 will support a near-term bull argument, below this level the futures will target the USD 2,312.5 fractal support.
- We remain bearish with a neutral bias at this point. The lower timeframe RSI is now in divergence with the RSI on the 1-hour technical, not a sell signal, it is a warning that we have the potential to see a momentum slowdown. This is supported by a lower timeframe Elliott wave cycle that is also warning that the intraday upside move is vulnerable to exhaustion. However, countering this is the 4-hour RSI which is making a new high, warning we could potentially see this upside move evolve into a larger cycle. The long price stays elevated at these levels, the greater chance that the current cycle can extend. However, based on the technical at this point, we are a cautious on upside moves as the futures are now vulnerable to a pullback.

# Zinc Morning Technical (4-hour)



|    | Support | Resistance | Current Price | Bull         | Bear |
|----|---------|------------|---------------|--------------|------|
| S1 | 2,897   | R1         | 2,905         | RSI above 50 |      |
| S2 | 2,869   | R2         |               |              |      |
| S3 | 2,853   | R3         |               |              |      |

## Synopsis - Intraday

Source Bloomberg

- Price is between the EMA resistance band (Black EMA's)
- RSI is above 50 (51)
- Stochastic is above 50
- Price is above the daily pivot point USD 2,897
- We remained technically bearish with a neutral bias yesterday, the downside move below USD 2,879 warned that the USD 2,853 fractal support was vulnerable; however, a close on the 4-hour candle above USD 2,894 would imply that momentum based on price was starting to strengthen. The futures traded to a low of USD 2,861 before finding bid support, resulting in a close on the 4-hour candle above USD 2,894. We are slightly lower on the Asian open with price trading between the EMA resistance band with the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 2,897 with the RSI at or below 48.5 will mean price and momentum are aligned to the sell side.
- Technically bearish with a neutral bias, we are seeing mixed signals based on the depth of the pullback against the close above USD 2,894. Price action is consolidating at this point and could potentially be forming a symmetrical triangle, leaving us with a more neutral bias at this point.

# Nickel Morning Technical (4-hour)



|    | Support | Resistance | Current Price | Bull         | Bear                  |
|----|---------|------------|---------------|--------------|-----------------------|
| S1 | 23,623  | R1         | 24,118        | RSI above 50 | Stochastic overbought |
| S2 | 23,563  | R2         | 24,507        |              |                       |
| S3 | 23,445  | R3         | 24,998        |              |                       |

## Synopsis - Intraday

Source Bloomberg

- Price is above the EMA resistance band (Black EMA's)
- RSI is above 50 (55)
- Stochastic is overbought
- Price is above the daily pivot point USD 23,563
- The downside move in the Asian day session yesterday warned that the USD 23,700 resistance was vulnerable, the MA on the RSI also indicated that momentum was supported. The futures did move higher with price trading to a high of USD 24,200. Price is lower on the Asian open but remains above the EMA resistance band supported by the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 23,563 with the RSI at or below 49 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 23,203 will support a bull argument, below this level the technical will have a neutral bias. Only below USD 22,690 is the technical bearish.
- Technically bullish, the MA on the RSI would suggest that momentum remains supported at this point, making USD 23,203 the key support to follow. A close on the 4-hour candle below USD 22,890 will warn that the USD 22,690 fractal low could come under pressure.

# Lead Morning Technical (4-hour)



| Support | Resistance | Current Price | Bull         | Bear |
|---------|------------|---------------|--------------|------|
| S1      | R1         | 2,126.5       | RSI above 50 |      |
| S2      | R2         |               |              |      |
| S3      | R3         |               |              |      |

## Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (54)
- Stochastic is above 50
- Price is below the daily pivot point USD 2,127
- Technically bullish, the futures had started to consolidate yesterday, we remained cautious on upside moves due to the potential divergence ahead, making USD 2,097 the key support to follow. The futures traded to a low of USD 2,108, meaning support held, resulting in the futures moving higher. Price is above the EMA support band with the RSI above 50, intraday price and momentum are aligned to the buy side, but the current candle is trading below the daily pivot level.
- A close on the 4-hour candle below USD 2,127 with the RSI at or below 52.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 2,097 will support a bull argument, below this level the technical will have a neutral bias.
- Technically we remain bullish with the futures making a new high close, but we remain below the USD 2,139.5 fractal high. We remain cautious on upside moves due to the potential divergence ahead.