



Base Morning Technical Report

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China

China's activity dropped back below the 2019 level in the first week of July, according to our composite index of high-frequency data. The index showed activity slowed further after June's soft retail sales and weak second-quarter growth. Falling home sales were the main drag. Production indicators were mixed. (Bloomberg).

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	8,394	R1	8,463	Stochastic oversold	RSI below 50
S2	8,306	R2	8,519		
S3	8,285	R3	8,552		

Synopsis - Intraday

Source Bloomberg

- Price is between/below the EMA support band (Black EMA's)
- RSI is below 50 (48)
- Price is below the daily pivot point USD 8,463
- Stochastic is oversold
- Technically bullish but with a neutral bias yesterday, the deep pullback meant that the probability of the futures trading to a new high had decreased. Momentum was conflicting as the MA on the RSI warned that momentum was weak; however, the RSI was above 50 with the stochastic in oversold territory. If the RSI could hold above 50 then momentum warned that resistance levels could be vulnerable. We were a cautious bull, as the technical is suggesting that upside moves could struggle to hold in the near-term, due to the pullback being deeper than expected. The futures moved lower before finding light bid support into the close. Price is at the base of the EMA support band (below) with the RSI below 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 8,463 with the RSI at or above 54 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 8,597 will leave the futures vulnerable to further tests to the downside, above this level the USD 8,719.5 fractal resistance could come under pressure.
- Technically bullish with a neutral bias, the MA on the RSI would suggest momentum is weak whilst the RSI is below 50; however, price is basing on the back of a positive divergence with the RSI, implying caution on intraday moves lower at this point. We have the potential to find intraday bid support due to the divergence, making USD 8,597 resistance the key level to follow, if it holds, we could come under further pressure.

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,194	R1	2,197	Stochastic oversold	RSI below 50
S2	2,164	R2			
S3	2,127	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (44)
- Stochastic is below 50
- Price is below the daily pivot point USD 2,222
- Technically bullish but in a corrective phase yesterday. The MA on the RSI continued to suggest that momentum was weak, making USD 2,207 the key level to follow, as support levels remained vulnerable. If broken the pullback would be considered as deep, meaning the probability of the futures trading to a new high will have decreased. Momentum remained weak resulting in the futures continuing to move lower, the technical now has a neutral bias. Price is below the EMA support 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 2,222 with the RSI at or above 57.5 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 2,259 will leave the futures vulnerable to further test to the downside, above this level will warn that the USD 2,292 fractal high could potentially come under pressure.
- The MA on the RSI continues to imply that momentum is weak, whilst the deep pullback means the probability of the futures trading to a new high will have now decreased, price is now below its support band. This would suggest that upside resistance levels should in theory hold if tested.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,365	R1	2,390	Stochastic oversold	RSI below 50
S2	2,345	R2	2,416		
S3	2,334	R3	2,433		

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (43)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,390
- Technically bullish with a neutral bias yesterday, the depth of the pullback meant that the probability of the futures trading to a new high had decreased, the longer-term Elliott wave cycle remained bearish. Momentum was conflicting as the RSI was above 50 with the stochastic in oversold territory, if the RSI could hold above 50 then the futures would be vulnerable to a test to the upside. However, the MA on the RSI suggested that momentum was weak, warning resistance levels could hold if tested. We were a cautious bull as the depth of the pullback alongside the MA on the RSI weakness, which suggested support levels remained vulnerable. The futures sold lower for the remainder of the session with price continuing to come under pressure this morning. 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 2,390 with the RSI at or above 50.5 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 2,455 will leave the futures vulnerable to further tests to the downside, above this level the USD 2,503 fractal resistance could be tested.
- Technically bullish with a neutral bias, the upside move has rejected the daily EMA resistance band with the pullback continuing to deepen, the MA on the RSI indicates that momentum remains weak. This would suggest that resistance levels should hold if tested, as the USD 2,345 fractal support is starting to look like it could be tested and broken. the longer-term Elliott wave cycle remains bearish.

Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	20,804	R1	20,965		RSI below 50
S2	20,540	R2			
S3	20,220	R3			

Source Bloomberg

Synopsis - Intraday

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (48)
- Stochastic is below 50
- Price is below the daily pivot point USD 21,051
- Technically bullish, with a neutral bias yesterday, the deep pullback warned that the probability of the futures trading to a new high had decreased. Like the rest of the base complex we had conflicting momentum indicators, as the RSI was near neutral at 49 whilst the stochastic was oversold, if the RSI could move above and hold above 50, then momentum warned we could see a test to the upside. Countering this, the MA on the RSI suggested that momentum was weak. We maintained a cautious view as the futures had produced a deep pullback after a 5-wave pattern higher, warning support levels were vulnerable. The downside move held trend support yesterday with price closing higher on the day; however, price is coming under pressure this morning. We remain below the EMA support 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 21,051 with the RSI at or above 51 will mean price and momentum are aligned to the buy side. Upside moves that fail at or below USD 22,218 will warn that we potentially have a larger corrective cycle in play.
- Technically bearish with a neutral bias, having moved lower on the back of a 5-wave pattern higher, the futures are now approaching trend support (currently 20,786). A close below that holds below the support line will have bearish implications going forward; market sellers should remain cautious above the trend support. The rising line is not at a strong trajectory, implying the trend is weak at this point, the MA on the RSI also suggests momentum is weak. Trend support is vulnerable, but not yet broken.

Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,090	R1	2,090	Stochastic oversold	RSI below 50
S2	2,077	R2			
S3	2,067	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (47)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,099
- We remain technically bullish yesterday; however, the pullback on the back of a 5-wave pattern warned that support levels remained vulnerable. Upside moves above USD 2,131 would imply that there was a larger bullish Elliott wave cycle in play. Again, momentum was conflicting as the RSI was above 50 with the stochastic in oversold territory, providing the RSI could hold above 50, then momentum would be vulnerable to a move higher. Countering this, the RSI on the MA was starting to turn lower, warning momentum was starting to weaken. The technical was in balance, price action warned support levels could be vulnerable, but we remained above the USD 2,077 level with the RSI/stochastic combination implying we could see resistance levels come under pressure in the near-term, making USD 2,117 the key resistance to follow. The futures moved sideways within the EMA support band yesterday with price coming under pressure this morning. We are now below the EMA support 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 2,099 with the RSI at or above 54.5 will mean price and momentum are aligned to the buy side. Downside moves that hold at or above USD 2,077 will support a bull argument, below this level the technical will have a neutral bias. Likewise, upside moves that fail at or below USD 2,116 will leave the futures vulnerable to further tests to the downside, above this level the USD 2,131 fractal high could come under pressure.
- Unchanged technically, we maintain our view that support levels are vulnerable based on the 5-wave pattern higher whilst the MA on the RSI continues to suggest that momentum is weak.

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