



Base Morning Technical Report

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China

China extended two lines of yuan defense, pushing up funding costs in the offshore market to squeeze shorts while battling with a stronger-than-expected reference rate for the managed currency.

The People's Bank of China set its daily yuan fixing at 7.1992 per dollar compared to an average estimate of 7.3103 in a Bloomberg survey on Tuesday. That's the largest gap since the poll was initiated in 2018.

That came a day after one-month forward points, a measure of the cost to borrow the yuan versus the dollar, saw its biggest jump in offshore trading since 2017. The funding costs have steadily increased over the recent days as big Chinese banks refrained from providing more of the currency in the swap market, according to traders. (Bloomberg).

Copper Morning Technical (4-hour)



| | Support | Resistance | Current Price | Bull | Bear |
|----|---------|------------|---------------|--------------|-----------------------|
| S1 | 8,271 | R1 | 8,296.5 | RSI above 50 | Stochastic overbought |
| S2 | 8,132 | R2 | | | |
| S3 | 8,034 | R3 | | | |

Synopsis - Intraday

Source Bloomberg

- Price is between the EMA resistance band (Black EMA's)
- RSI is above 50 (50)
- Price is above the daily pivot point USD 8,271
- Stochastic is overbought
- We remained technically bearish with price below key resistance levels yesterday, the MA on the RSI suggested momentum was supported, implying resistance levels were vulnerable. For this reason, we remained cautious on downside moves, as the intraday Elliott wave cycle warned that this phase of the cycle had potentially completed. The futures continued to move higher with price remaining in the EMA resistance band, the RSI is now neutral at 50 with price and momentum aligned to the buyside.
- A close on the 4-hour candle below USD 8,271 with the RSI at or below 44.5 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below 8,366 will leave the futures vulnerable to further tests to the downside.
- Technically bearish with price below key resistance, the MA continues to suggest that momentum is supported at this point; however, there are warning signs that the MA is potentially starting to flatten whilst the 1-hour RSI is now in divergence with the RSI. Not a sell signal it does warn that we have the potential to see a momentum slowdown. A close on the 4-hour candle above USD 8,330 will indicate that momentum based on price is starting to strengthen, leaving the USD 8,366 resistance vulnerable. If broken, the pullback will be considered as deep, meaning the probability of the futures trading to a new low will decrease. Likewise, an intraday close below USD 8,241 would suggest that buyside momentum is potentially failing, implying support levels could come under pressure. Intraday Elliott wave analysis implies that the bear cycle has potentially seen wave completion, but momentum is indicating that we are vulnerable to another test to the downside.

Aluminium Morning Technical (4-hour)



| | Support | Resistance | Current Price | Bull | Bear |
|----|---------|------------|---------------|-------|--------------|
| S1 | 2,137 | R1 | 2,161 | | |
| S2 | 2,125 | R2 | 2,170 | 2,154 | RSI below 50 |
| S3 | 2,106 | R3 | 2,186 | | |

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA Resistance band (Black EMA's)
- RSI is below 50 (48)
- Stochastic is below 50
- Price is above the daily pivot point USD 2,137
- We remained technically bearish yesterday with intraday Elliott wave analysis continuing to suggest that upside moves should be considered as countertrend. We maintained our view that the USD 2,130 low was vulnerable with a potential downside target at USD 2,087. A new low would create a positive divergence with the RSI, whilst the MA on the RSI suggested momentum is showing signs of support, implying caution on downside breakouts to a new low. The futures did trade to a new low but the move failed to hold, resulting in price trading back above yesterday's levels. We remain below the EMA resistance band with the RSI below 50, intraday price and momentum are now aligned to the buyside.
- A close on the 4-hour candle below USD 2,137 with the RSI at or below 42 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 2,161 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 are now moving higher on the back of a positive divergence with the RSI having traded to a new low, implying resistance levels are now vulnerable, making USD 2,161 the key level to follow. A close on the 4-hour candle above USD 2,149 will further support a buyer's argument (note: we are currently trading above but have not closed above this level), for this reason, the futures are no longer considered a technical sell at this level.

Zinc Morning Technical (4-hour)



| | Support | Resistance | Current Price | Bull | Bear |
|----|---------|------------|---------------|---------|--------------|
| S1 | 2,310 | R1 | 2,351 | | RSI below 50 |
| S2 | 2,265.5 | R2 | 2,378 | 2,329.5 | |
| S3 | 2,246 | R3 | 2,414 | | |

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (47)
- Stochastic is above 50
- Price is above the daily pivot point USD 2,310
- Technically bearish yesterday, the futures remained in a corrective wave 4, meaning upside moves were still considered as countertrend. The MA on the RSI would suggest momentum was still supported, leaving resistance levels vulnerable in the near-term. A new low had the potential to create a positive divergence with the RSI, implying caution on downside breakouts. With momentum supported we have seen the futures move higher, price is now testing the base of the EMA resistance band with the RSI still below 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 2,310 with the RSI at or below 38.5 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 2,414 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, we remain in a countertrend wave 4 with the MA on the RSI indicating that momentum remains supported, implying resistance levels are still vulnerable making USD 2,414 the key level to follow. We are now testing the EMA band, a natural area of resistance, a close below the daily pivot level would suggest sell side momentum is increasing, suggesting we could potentially be in the early stages of a bearish Elliott wave 5.

Nickel Morning Technical (4-hour)



| Support | Resistance | Current Price | Bull | Bear |
|---------|------------|---------------|--------------|------|
| S1 | R1 | 20,520 | RSI above 50 | |
| S2 | R2 | | | |
| S3 | R3 | | | |

Source Bloomberg

Synopsis - Intraday

- Price is above the EMA resistance band (Black EMA's)
- RSI is above 50 (54)
- Stochastic is above 50
- Price is above the pivot point USD 20,146
- Technically bearish yesterday with price below key resistance levels. We remained cautious on downside moves due to the futures moving higher on the back of a positive divergence, meaning the futures were not considered a technical sell. The futures continue to move higher with price now above 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 20,146 with the RSI at or below 45.5 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below 20,607 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. Likewise, downside moves that hold at or above USD 20,172 will further support a bull argument, below this level we target the USD 19,970 fractal support.
- Technically bearish based on price with the futures nearing our key resistance at USD 20,607, above this level the pullback will be considered as deep, meaning the probability of the futures trading to a new low will have decreased. The MA on the RSI continues to suggest that momentum is supported, meaning 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 | 2,159 | R1 | 2,170 | RSI above 50 | Stochastic overbought |
| S2 | 2,155 | R2 | | | |
| S3 | 2,150 | R3 | | | |

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (62)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,159
- Technically bullish yesterday, the MA on the RSI suggested that momentum was supported, whilst the RSI was making new highs, suggesting caution on downside moves. The corrective move on the open yesterday failed to hold, resulting in the futures trading to new highs. Price is above all key moving averages supported by the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 2,159 with the RSI at or below 55 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 2,143 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish with the MA on the RSI suggests momentum remains supported at this point. We now have a note of caution, as a move above USD 2,172 will create a negative 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 and will need to be monitored. Likewise, a move above USD 2,181 will create a negative divergence dating back to the 126/07/23 on the 4-hour chart, leaving us a cautious bull going forward at this point.

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