



# Base Morning Technical Report

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## China

The yuan is set to bounce as the government's efforts to boost consumption bear fruit and the lure of higher-yielding assets abroad diminishes, according to the offshore wealth arm of Citic Securities Co.

The currency is likely to gain 5% versus the dollar over the next year or two as economic data start to show measures to bolster demand are working, said Matthew Chan, head of product and investment solutions at Citic Securities Wealth Management (HK) Ltd. Signs the Federal Reserve will cut interest rates next year will also encourage capital flows back to China, he said. (Bloomberg).

## Metals

Metal prices are mixed as a strong dollar and the possibility of more rate hikes from the Federal Reserve adds pressure on dollar-backed commodities. Three-month copper is 0.1% higher to \$8,401.50 a metric ton while aluminum is up 1% to \$2,230.50 a ton. Gold is down 0.2% to \$1,928.10 a troy ounce. Markets have been mixed, with energy and equity markets rising against a strong dollar and inflation in the U.S. still warm, Peak Trading Research says in a note. All eyes will be on the European Central Bank's decision on interest rates later, it says. "The euro comprises 58% of the U.S. dollar index, so today's ECB policy decision and the currency impact on our commodity markets could be significant (Bloomberg—Dow Jones)

# Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear	
S1	8,396	R1	8,420.5	RSI above 50		
S2	8,355	R2				8,496
S3	8,328	R3				8,599

## Synopsis - Intraday

Source Bloomberg

- Price is above the EMA resistance band (Black EMA's)
- RSI is above 50 (54)
- Price is above the daily pivot point USD 8,396
- Stochastic is above 50
- Technically bearish with a neutral bias yesterday, the MA on the RSI continued to suggest that momentum was supported, making USD 8,287 the key level to follow. Based on momentum and the strength of the recent upside move, we maintained our view that support levels should hold if tested. The futures held above the Fibonacci support zone resulting in price moving higher, we are 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 8,396 with the RSI at or below 49.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 8,291 will support a near-term bull argument, below this level the USD 8,213 fractal low will start to look vulnerable.
- Technically bearish with a neutral bias, the futures have held the support zone with price now looking like it could be rolling over to the buyside. The RSI is above 50 and holding its MA support; however, we can see that the MA has started to flatten a little. Based on the price movement we maintain our view that resistance levels continue to look vulnerable at this point.

# Aluminium Morning Technical (4-hour)



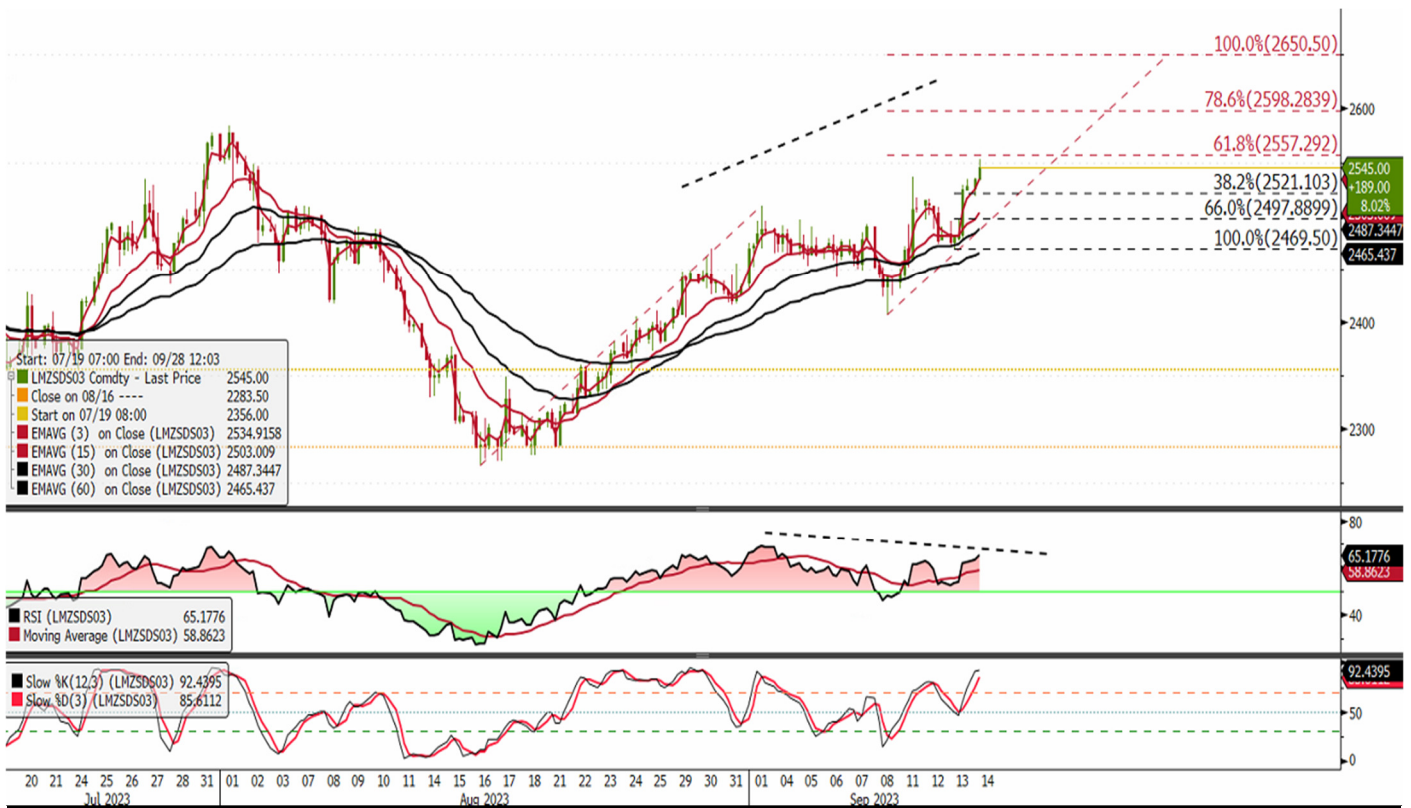
	Support	Resistance	Current Price	Bull	Bear
S1	2,207	R1	2,214.5	RSI above 50	Stochastic overbought
S2	2,197	R2			
S3	2,186	R3			

## 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 2,206
- Technically bullish yesterday, the RSI was below its MA, but the MA continued to warn that momentum was supported. The EMA band was flat whilst the RSI was at 50 with price and momentum conflicting. The market was bullish based on price, but we had a lot of neutral signals, meaning we were not in a trending environment. In theory, resistance levels were vulnerable, in reality, the market looked like it was finding value. The futures held support resulting in price trading back above the USD 2,219.5 fractal resistance. 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 below USD 2,206 with the RSI at or below 51 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 2,197 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish with price and the RSI making new highs, this would suggest that resistance levels are vulnerable, implying support levels should hold if tested in the near-term. Key support is at USD 2,197, below this level the probability of the futures trading to a new high will decrease.

# Zinc Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,476	RSI above 50	Stochastic overbought
2,521	2,557			
S2	R2			
2,510	2,598			
S3	R3			
2,497	2,650			

## Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (64)
- Stochastic is overbought
- Price is below the daily pivot point USD 2,510
- Technically bullish yesterday, the futures were moving lower on the back of a negative divergence with the RSI, making USD 2,450 the key support to follow on the technical. If broken, the probability of the futures trading to a new high would decrease. A cautious bull due to the divergence is play. The upside move yesterday traded to within USD 4.00 of our upside target at USD 2,557. Price is above all key moving averages supported by the RSI above 50, intraday price and momentum are aligned to the buy side.
- A close on the 4-hour candle below USD 2,510 with the RSI at or below 56.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 2,497 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the futures are just below our potential upside target with the negative divergence still in play. We are a cautious bull; however, we do not consider the futures a technical buy at these levels.

# Nickel Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	20,005	20,150		RSI below 50
S2	19,830			
S3	19,720			
	R1	20,251		
	R2	20,373		
	R3	20,580		

**Synopsis - Intraday**

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (46)
- Stochastic is below 50
- Price is above the daily pivot point USD 20,005
- Technically bearish yesterday, the futures were testing Fibonacci support whilst the RSI was in divergence with price. Not a buy signal, it did warn we had the potential to see a momentum slowdown. For this reason, we remained a cautious bear. We traded to a low of USD 19,615 before finding buyside support, price is below the EMA support band with the RSI below, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 20,005 with the RSI at or below 40 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 20,251 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 19,830 will support a near-term bull argument, below this level the USD 19,615 fractal low will start to look vulnerable.
- Technically we remain bearish as the futures are yet to trade above the USD 20,251 resistance (high USD 20,250). However, the futures have rallied on the back of a positive divergence with the RSI having failed to close below the 61.8% Fibonacci projection level at USD 19,720. For this reason, the futures are not considered a technical sell, as resistance levels look like they could now come under pressure.



# Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,212	R1	2,219.5	Stochastic oversold	
S2	2,187	R2			
S3	2,166	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is between the EMA support band (Black EMA's)
- RSI is at 50 (50)
- Stochastic is oversold
- Price is above the daily pivot point USD 2,212
- The Futures had rejected the upside resistance yesterday, meaning the USD 2,187 support was now vulnerable. This level needed to hold, if it didn't, then the probability of the futures trading to a new high would decrease. The MA on the RSI was flat, meaning momentum was neutral. Sideways price action yesterday means that the futures are trading in the EMA support band with the RSI neutral at 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle above USD 2,212 with the RSI at or above 53.5 will mean price and momentum are aligned to the buy side; likewise, a close below this level will mean it is aligned to the sell side.
- Technically we are still bullish; however, the MA on the RSI is in the early stages of starting to turn lower, warning momentum could potentially weaken. Key support remains unchanged, market bulls will need to defend the USD 2,187 level, otherwise the probability of the futures trading to a new high will decrease. If the RSI can move above and hold above the 50 level then momentum will warn that resistance levels could come under pressure as the stochastic is oversold.