



Base Morning Technical Report

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Metals

Base metals from copper to aluminum are facing sustained pressure as demand concerns, high interest rates and fraught geopolitics batter markets that began the year in an optimistic mood.

Metals rallied in January on expectations that China's post-Covid rebound would supercharge demand. While some patches of the Chinese economy have delivered — notably the new-energy sector — the property market remains weak. Meanwhile, worries about demand outside China are intensifying.

Five of the London Metal Exchange's six main metals are priced well below where they started the year, and five are also in contango — a structure that indicates soft immediate market conditions. Goldman Sachs Group Inc. has echoed bearish commentary from Citigroup Inc. on takeaways from a major gathering of the metals industry in London last week. (Bloomberg).

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	7,867	R1	7,960	Stochastic oversold	RSI below 50
S2	7,817	R2			
S3	7,747	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (44)
- Price is below the daily pivot point USD 7,983
- Stochastic is oversold
- Technically bearish with upside moves still considered as countertrend yesterday, the break in the USD 7,963 support warned of technical weakness, leaving the USD 7,870 fractal support vulnerable. However, we continue to remain cautious on downside moves until we see a move that closes below and holds below the USD 7,963 level. The futures continue to consolidate around the USD 7,963 level, price is below the EMA resistance band with the RSI below 50, intraday price and momentum continue to conflict.
- A close on the 4-hour candle above USD 7,983 with the RSI at or above 47.5 will mean price and momentum are aligned to the buy side. Likewise, a close below this level with the RSI at or below 43 will mean it is aligned to the sell side. Upside moves that fail at or below USD 8,204 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Unchanged on the technical, upside moves are considered as countertrend with price in a consolidation phase. Intraday Elliott wave analysis would suggest we move lower; however, price is consolidating and still needs to see a close below that holds below the USD 7,963 level to signal downside continuation. We maintain a cautious view due to the market consolidating.

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,162	R1	2,176	Stochastic oversold	RSI below 50
S2	2,138	R2			
S3	2,107	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (34)
- Stochastic is oversold
- Technically bearish yesterday, we still had a potential downside target at USD 2,162. The futures remained in divergence with the RSI, meaning we maintained a cautious bias. The futures continued to move lower with price 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 2,188 with the RSI at or above 39.5 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 2,228 will leave the futures vulnerable to further tests to the downside, above this level the near-term technical will have a neutral bias. Only above USD 2,252 is the technical bullish based on price; however, the Elliott wave cycle remains bearish below USD 2,301 and neutral above.
- We remain in a bearish trending environment with intraday Elliott wave analysis suggesting we have a potential downside target at USD 2,162 for this phase of the cycle. The 4-hour technical is no longer in divergence; however, the Elliott wave cycle is (93 min candle chart), for this reason, we continue to have a note of caution at this point.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,396	R1	2,450	Stochastic oversold	RSI below 50
S2	2,371	R2	2,461		
S3	2,349	R3	2,477		

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (35)
- Stochastic is oversold
- Price is above the daily pivot point USD 2,450
- Technically unchanged with the trend still bearish yesterday, the downside target had been achieved with the futures remaining in divergence with the RSI, meaning we maintained a cautious view. Key resistance remained unchanged at USD 2,506, a move above this level would be considered as deep into the last bear wave, meaning the probability of the futures trading to a new low will have started to decrease. The futures have moved lower resulting in the 4-hour divergence failing. 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 2,450 with the RSI at or above 42 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 2,498 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, the move lower yesterday means that the near-term divergence on the lower timeframe has failed (as well as the 4-hour divergence). This is warning that the lower timeframe Elliott wave cycle (50 min candle) has the potential for further downside, suggesting intraday upside moves look like they could be countertrend at this point. Key resistance is now at at USD 2,498, a move above this level will be considered as deep into the last bear wave, meaning the probability of the futures trading to a new low will have started to decrease.

Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear	
S1	18,514	R1	18,560		RSI below 50	
S2	18,290	R2				18,884
S3	17,816	R3				18,985

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (47)
- Stochastic is below 50
- Price is below the daily pivot point USD 18,670
- We remained bearish with a neutral bias yesterday based on the move higher on the Asian open. We continued to maintain a cautious view on downside moves due to the futures being in divergence with the RSI. Not a buy signal, it does warn that we could see a momentum slowdown, which needed to be monitored. The futures had a small move lower meaning price is now below the EMA resistance 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 18,670 with the RSI at or above 51 will mean price and momentum are aligned to the buy side. Upside moves above USD 18,995 will mean the futures are technically bullish based on price making a higher high.
- The technical is bearish on the back of the weaker Asian open today; however, the futures are now starting to consolidate. We moved higher from the USD 18,290 low on the 11/10/23 on a positive divergence, meaning we have a note of caution on downside moves. If we do trade below the USD 18,290 level, it will warn that the USD 17,816 support could come under pressure. Likewise, a move above USD 18,995 will indicate the technical is bullish, suggesting we have completed this phase of the bearish Elliott wave cycle. Cautious on downside moves, we could move lower from here and remain in divergence; however, unless we see a lower timeframe wave extension, downside moves could be limited based on the technical at this point.

Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,062	R1	2,089		RSI below 50
S2	2,018	R2			
S3	1,976	R3			

Synopsis - Intraday

Source Bloomberg

- Price is between the EMA resistance band (Black EMA's)
- RSI is below 50 (48)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,062
- We remained bearish yesterday; the lower timeframe Elliott wave cycle warned that upside moves had the potential to be countertrend, making USD 2,129 the key resistance to follow. If broken, the pullback would be considered as deep, meaning that the probability of the futures trading to a new high will have started to decrease. The 4-hour technical was still in divergence, countering the wave cycle; however, with the divergence failure on the lower timeframe we were cautious on upside moves. We moved higher yesterday on the back of the 4-hour divergence with price now testing the Fibonacci resistance zone. The futures are trading in the EMA resistance band with the RSI below 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 2,062 with the RSI at or below 36 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 2,125 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- The futures remain technically bearish with upside moves considered as countertrend based on the lower timeframe Elliott wave cycle (176 min candle chart); the 4-hour technical remains in divergence at this point. Momentum is now conflicting as the MA on the RSI does suggest it is supported; however, the RSI is just below 50 with the stochastic in overbought territory, if the RSI can hold below 50 then we could be vulnerable to a move lower. Above 50 the stochastic will be considered as less relevant. Key resistance is now at USD 2,125, upside moves above this level will be considered as deep into the last bear wave, meaning that the probability of the futures trading to a new low will start to decrease. With the futures trading in the EMA resistance band whilst the intraday wave cycle suggests that the upside move is against the trend, the technical would suggest caution on upside moves from here.

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