



Base Morning Technical Report

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China

Metals mostly dropped, following two days of gains, after Chinese factory activity fell back into contraction in October.

The official manufacturing purchasing managers index in the world's biggest commodities importer came in below expectations at 49.5. The non-manufacturing gauge, which measures activity in the construction and services sectors, also missed analyst forecasts. (Bloomberg).

Al

Aluminum smelters in China's southern province of Yunnan plan to reduce output again this winter as hydropower supply wanes in the dry season, said researcher Shanghai Metals Market, citing unidentified sources.

The production cuts across four smelters will range from 9% to 40%, and they are expected to start in coming days, SMM said

That will result in an overall reduction equivalent to about 1.15m tons of annualized output; total operating capacity is 5.65m tons

NOTE: Plants in Yunnan suffered two rounds of output cuts since the middle of 2022 due to a hydropower shortage (SMM/Bloomberg)

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	8,095	R1	8,151	RSI above 50	
S2	8,052	R2	8,199		
S3	8,017	R3	8,265		

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (55)
- Price is below the daily pivot point USD 8,151
- Stochastic is above 50
- Technically bullish yesterday based on a break in fractal resistance, we were supported by the RSI making new highs, warning downside moves had the potential to be countertrend. However, upside moves that failed at or below USD 8,199 would warn that we had a larger bearish Elliott wave cycle in play. The futures traded to a high of USD 8,231 before selling lower into the close. Price is above the EMA support band with the RSI above 50, intraday price and momentum are now conflicting.
- A close on the 4-hour candle below USD 8,151 with the RSI at or below 54 will mean price and momentum are aligned to the sell side. Likewise, a close above this level with the RSI at or above 58.5 will mean it is aligned to the buyside. Downside moves that hold at or above USD 8,052 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish with key support at USD 8,052; with price and the RSI achieving new highs it would suggest that the current move lower has the potential to be countertrend. If key support is broken, then it will warn that the probability of the futures trading to a new high will have started to decrease.

Aluminium Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	2,252	R1	2,270	2,259.5	RSI above 50	Stochastic overbought
S2	2,237	R2	2,286			
S3	2,228	R3	2,296			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (64)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,252
- Technically bearish but with a neutral bias yesterday, the upside move above USD 2,220 meant that the probability of the futures trading to a new low had started to decrease, only above USD 2,252 would the intraday technical be bullish. In theory resistance levels were starting to look vulnerable due to the key resistance being broken; However, we had a negative divergence with the RSI on the 1-hour technical that meant that we were cautious on upside moves. The futures continued to move higher resulting in the 1-hour divergence failing, the intraday technical is now bullish. 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 2,252 with the RSI at or below 56 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 2,214 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the continued upside move yesterday resulted in the RSI making new highs on both the 1-and-4-hour timeframes, suggesting downside moves should now be considered as countertrend; making USD 2,214 the key support to follow.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,427	R1	2,469	RSI above 50	
S2	2,396	R2	2,489		
S3	2,384	R3	2,509		

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA resistance band (Black EMA's)
- RSI is above 50 (53)
- Stochastic is above 50
- Price is below the daily pivot point USD 2,469
- Technically bearish yesterday, the USD 2,488 fractal resistance was starting to look vulnerable, above USD 2,489 the probability of the futures trading to a new low would start to decrease. However, the technical was only considered as bullish above USD 2,544, a move above USD 2,488 would create a negative divergence with the RSI on the 1-hour chart. For this reason, we remained cautious on upside moves. The futures traded to a high of USD 2,486 before trading lower into the close; however, price is finding support on the EMA band on the open this morning. The RSI is above 50 with intraday price and momentum now conflicting.
- A close on the 4-hour candle above USD 2,469 with the RSI at or above 55 will mean price and momentum are aligned to the buyside. Likewise, a close below this level with the RSI at or below 50.5 will mean it is aligned to the sell side. Upside moves that fail at or below USD 2,489 will leave the future vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically we remain bearish, the futures rejected the USD 2,489 level yesterday but are finding support on the EMA band. Technically, resistance levels remain vulnerable; however, we remain cautious on upside moves, as a move above USD 2,488 still has the potential to create a negative divergence with the RSI.

Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	18,171	R1	18,275		RSI below 50
S2	18,080	R2			
S3	17,925	R3			

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 below the daily pivot point USD 18,483
- Technically bearish with a neutral bias yesterday, the futures were moving higher on the back of a positive divergence with the RSI. The depth of the pullback suggested that the probability of the futures trading to a new high had started to decrease, warning resistance levels were vulnerable. The futures traded to a high of USD 18,650 before entering a corrective phase. Price is 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 18,483 with the RSI at or above 51.5 will mean price and momentum are aligned to the buy side.
- The futures have breached key support and resistance in the last two sessions, implying the market is neutral. The longer-term technical remains in divergence, suggesting downside moves could struggle to hold at this point. Meaning we remain cautious on corrective moves lower.

Lead Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,114	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 2,121
- Technically bearish, the futures were currently testing key resistance. If broken, the depth of the pullback would warn that the probability of the futures trading to a new low will have started to decrease. However, until broken the intraday Elliott wave cycle continued to warn that upside moves were potentially counter-trend. The futures did move higher resulting in the resistance being breached, meaning although bearish, we now have a neutral bias based on the depth of the pullback. Price is above the EMA support band (the averages have now crossed) with the RSI above 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle below USD 2,121 with the RSI at or below 52 will mean price and momentum are aligned to the sell side. Likewise, a close above this level with the RSI at or above 56.5 will mean it is aligned to the buyside. Downside moves that hold at or above USD 2,096 will support a near-term bull argument, if broken the USD 2,074 fractal support will start to look vulnerable.
- Technically bearish with a neutral bias, the probability of the futures trading to a new high has started to decrease. However, the upside move yesterday did reject the daily EMA resistance band (we are now trading just below it), suggesting caution on upside moves. If we do see a move above the USD 2,138 level it will imply that buyside momentum is increasing, meaning the USD 2,143 and USD 2,175 resistance levels could be tested and broken.