FIS

Base Morning Technical Report

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Metals

Metals retreated from their highest level in about five weeks after economic data from China and lingering uncertainties about global monetary policy cast doubt over demand prospects heading into 2024.

China's exports fell more than expected in October, underscoring the fragility of the country's recovery in the final quarter of the year. Copper, aluminum and zinc recently posted gains on optimism over Beijing's moves to prop up growth.

Meanwhile, traders are turning more cautious on prospects for an end to interest-rate hikes by the Federal Reserve. Minneapolis Fed President Neel Kashkari said it's too soon to declare victory over inflation.

Copper has rebounded from its lowest this year in early October, but the metal is still trading in a steep contango — a structure that indicates ample immediate supply — and investors have built up a relatively large net short position.

Citigroup Inc. analysts warned that copper demand is vulnerable as growth in developed economies weakens, and expansion of the "green" sectors slows.

Tight US monetary policy and the risk of recessions in developed economies are "a major overhang for base metals," the analysts wrote in a note Monday.

All metals fell on the London Metal Exchange Tuesday, after the LMEX Index hit its highest since Sept. 29 a day earlier. Nickel lost more than 1% to $18,215 a ton by 1:59 p.m. Shanghai time. Copper and aluminum dropped at least 0.4%.

To contact Bloomberg News staff for this story: (Bloomberg)

Copper Morning Technical (4-hour)

Support		Resistance		Current Price	Bull	Bear
S1	8,189	R1	8,221	8,200	RSI above 50	Stochastic overbought
S2	8,168	R2	8,265			
S3	8,138	R3	8,377			

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 8,221
- Stochastic is overbought
- We remained technically bullish yesterday with intraday Elliott wave analysis warning that that the USD 8,231 fractal high could be tested and broken. However, as previously noted, a new high would create a negative divergence with the RSI, not a sell signal, it warned that we could see a momentum slowdown. On the daily chart, the futures had opened above the EMA resistance band with price now trading just above it, meaning we are yet to see a clean break above the higher timeframe resistance zone, meaning we remained a cautious bull. The futures traded to a high of USD 8,260 before selling lower on the Asian open. Price is above the EMA support band with the RSI above 50, intraday price and momentum are now aligned to the sell side.
- A close on the 4-hour candle above USD 8,221 with the RSI at or above 59.5 will mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 8,138 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the new high has created a negative divergence resulting in price selling lower on the Asian open. We did see a close above the daily resistance band yesterday with intraday Elliott wave analysis suggesting we have a potential upside target as high as USD 8,313 for this phase of the cycle. However, due to the divergence in play, we remain cautious on upside moves at this point.

Aluminium Morning Technical (4-hour)

Support		Resistance		Current Price	Bull	Bear
S1	2,274	R1	2,296	2,278	RSI above 50	Stochastic overbought
S2	2,268	R2	2,310			
S3	2,259	R3	2,334			

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 2,274
- Technically bullish yesterday, the resistance break warned that the USD 2,269 fractal high was vulnerable. However, a new high above USD 2,269 would create a negative divergence with the RSI, suggesting caution on upside breakouts. The futures traded to a high of USD 2,295 before selling lower in the Asian day session. Price remains 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 2,274 with the RSI at or below 58 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 2,248 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the MA on the RSI implies momentum support, whilst the 4-hour RSI making a new high, again, supporting a bull argument. However, the Current Elliott wave cycle is on a 145 min candle chart, and this is divergence, we also note that price is currently rejecting the 66% retracement on the daily chart at 2,296, suggesting caution on upside moves at this point.

Zinc Morning Technical (4-hour)

Support		Resistance		Current Price	Bull	Bear
S1	2,554	R1	2,598.5	2,551.5	RSI above 50	Stochastic overbought
S2	2,511	R2	2,608			
S3	2,467	R3	2,648			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (60)
- Stochastic is overbought
- Price is below the daily pivot point USD 2,554
- Technically bullish yesterday, we highlighted that a move above USD 2,538 would create a negative divergence with the RSI, implying caution on upside breakouts, as it suggested that we could see a momentum slowdown on a new high. The longer-term Elliott wave cycle continued suggest that the upside moves looked to be countertrend; however, we noted that the Elliott wave cycle is based on a psychological footprint on the market, which could potentially have changed due to the mine closure. The futures traded above the USD 2,538 level to a high of USD 2,589.5, before entering a small corrective phase. Price is above the EMA support band with the RSI above 50, intraday price and momentum are conflicting, as price is now below the daily pivot level.
- A close on the 4-hour candle below USD 2,554 with the RSI at or below 57 will mean price and momentum are aligned to the sell side; likewise, a close above this level will mean it is aligned to the buyside. Downisde moves that hold at to above USD 2,511 will support a near term bull argument, below this level we target the USD 2,471.5 fractal support. However, key support is at USD 2,467, only below this level does the technical have a neutral bias.
- The technical is bullish having seen a significant move above the USD 2,538 high, resulting in the near-term divergence failing but the MA on the RSI is relatively flat, warning that momentum is showing signs of weakness. However, ultimately, the futures remain within the candle from the 01/11, which has created a range between 2,400.50 and USD 2,598.50. Admittedly it is a very large range, but it is still a range. Key support area is the USD 2,511 – USD 2,467, as we have the daily 50 and 60 period EMA's around the USD 2,578 area as well. If tested, market buyers will want to support this zone.

Nickel Morning Technical (4-hour)

Support		Resistance		Current Price	Bull	Bear
S1	18,015	R1	18,272	18,050		RSI below 50
S2	17,885	R2	18,316			
S3	17,816	R3	18,393			

Synopsis - Intraday

Source Bloomberg

- Price is between the EMA resistance band (Black EMA's)
- RSI is below 50 (49)
- Stochastic is overbought
- Price is below the daily pivot point USD 18,316
- The technical remained in bearish territory yesterday having seen a move higher on the back of a positive divergence with the RSI. The futures were trading in the EMA resistance band with a neutral RSI, whilst the stochastic was overbought, we remained below key resistance. Momentum warned that we were vulnerable to a move lower in the near-term; however, we maintained a cautious view on downside moves due to the divergence at lower levels. The futures broke to the upside, but the move has failed to hold, the sell off today means that price is below yesterdays levels. 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 18,316 with the RSI at or above 51.5 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 18,393 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- The upside move took the technical into neutral territory yesterday; however, the move lower this morning means we are bearish again, warning the USD 17,885 support is vulnerable. If broken, the futures will be back in divergence with the RSI, not a buy signal it is a warning that we could see a momentum slowdown, implying caution on downside breakouts.

Lead Morning Technical (4-hour)

Support		Resistance		Current Price	Bull	Bear
S1	2,148	R1	2,177	2,178.5	RSI above 50	Stochastic overbought
S2	2,134	R2	2,185			
S3	2,115	R3	2,214			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (60)
- Stochastic is overbought
- Price is below the daily pivot point USD 2,177
- Technically bullish yesterday, the divergence failure warned that intraday downside moves should be considered as countertrend in the near-term. The futures had a small move higher before trading back to yesterday mornings levels. Price is above all key moving averages supported by the RSI above 50, intraday price and momentum are aligned to the sell side, as the previous candle closed below the daily pivot level.
- A close on the 4-hour candle above USD 2,177 with the RSI at or above 64.5 will mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 2,115 will support a bull argument, below this level the technical will have a neutral bias.
- Unchanged on the technical, the new high in the RSI yesterday is warning that intraday downside moves should be considered as countertrend in the near-term.