



Base Morning Technical Report

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Al

Global aluminum output at 197,300 tons a day in October, down from 197,400 tons in September, according to the International Aluminium Institute.

Production rose 3.9% y/y

Chinese estimated production down 0.5% m/m to 117,700 tons/day

The following are in thousands of tons per day: (Bloomberg)

Ni

China should buy nickel, cobalt and lithium for its strategic commodity reserves, taking advantage of the “time window” offered by oversupplied markets, according to an opinion piece in China Metallurgical News.

These metals are expected to be in a period of oversupply and low prices for the coming 2-3 years, Xu Aidong, analyst at Beijing Antaike Information Development Co., writes in the report

Country should use this window to make purchases that serve national strategies and stabilize the market

NOTE: all three minerals are important constituents of electric vehicle batteries

State-reserve buying can “fundamentally resolve the contradiction between the government’s anxiety about resource security, and the market’s concern about oversupply and insufficient consumption” (Bloomberg)

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	8,392	R1	8,485	RSI above 50	Stochastic overbought
S2	8,357	R2	8,566		
S3	8,324	R3	8,635		

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- The RSI is above 50 (68)
- Price is above the daily pivot point USD 8,392
- Stochastic is overbought
- We noted yesterday that having held a key downside support and moved to a new high, it meant that we are either seeing some form of wave extension; or we had started a new lower timeframe wave cycle. If it was wave extension, then we remained cautious on upside moves, but if it was a new lower timeframe bull cycle, then downside moves should be considered as countertrend. This cycle remained unclear, meaning we are at an inflection point. The MA on the RSI was flat, implying momentum was neutral, whilst we still had a longer-term divergence in play. We were bullish but had a neutral view due to the lack of clarity. If we did move below USD 8,238, it would warn that the probability of the futures trading to a new high had started to decrease. As noted in the close report, the futures moved higher, resulting in the divergence failing, warning that we were looking at a new lower time frame bull cycle. These two cycles are linked, meaning we are now on a wave 3 of a higher timeframe. 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 8,392 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 8,279 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, we can now see that the upside move was a new bull cycle rather than a wave extension, meaning we are on a higher timeframe Elliott wave 3. Downside moves should now be considered as countertrend, making USD 8,279 the key support to follow, if broken, then the probability of the futures trading to a new high will start to decrease. Near-term upside resistance is at USD 8,485; in theory, in most cases, a wave 3 is usually the longest wave, suggesting the USD 8,485 resistance should soon be tested and broken. the MA on the RSI is now moving higher, meaning momentum is supporting this upside move.

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,234	R1	2,255	RSI above 50	Stochastic overbought
S2	2,227	R2			
S3	2,217	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA Resistance band (Black EMA's)
- RSI is above 50 (58)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,234
- Technically bearish yesterday, the futures were moving higher on the back of a positive divergence with the RSI, making USD 2,250 the key resistance to follow. Above this level the probability of the futures trading to a new high would start to decrease; if rejected, it would warn that there is potentially a larger corrective cycle still in play. The futures have traded above the USD 2,250 level. However, we have revisited the corrective wave C on the lower timeframe (highlighted in the red box). A wave C should consist of 5 waves on the lower timeframe, but this only had 3, meaning it is possible that the initial downside move to USD 2,196 could potentially be part of a larger wave A. For this reason, we have adjusted the Fibonacci levels higher, meaning, key resistance is at USD 2,261. 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 2,234 with the RSI at or below 45.5 will mean price and momentum are aligned to the sell side. Upside moves that fail at USD 2,261 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 2,217 will support a near-term bull argument, below this level we target the USD 2,196 fractal low.
- A difficult technical to read; in theory, this upside move should be a wave B, or we are missing wave 5 of the wave C on a lower timeframe (occasionally wave do go missing, no matter what the books say). If it is a wave B, then we should in theory reject the USD 2,261 resistance. If we do not, then the probability of the futures trading to a new high will decrease, meaning we probably missed wave 5 of C, suggesting the USD 2,295 fractal high could come under pressure. The MA on the RSI is turning higher, implying momentum is supported, whilst the longer period EMA's (Black) look like they could cross. The technical is warning resistance could be broken, countering the wave cycle. At this point, we are cautious on upside moves, as the wave cycle is still bearish, but there are many conflictions here. Focus will be on the 2,261 resistance, to see if it holds or not. A technical to monitor at this point.

Zinc Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,562	RSI above 50	
S2	R2			
S3	R3			

Synopsis - Intraday

Source Bloomberg

- Price is between the EMA support band (Black EMA's)
- RSI is below 50 (47)
- Stochastic is at 50
- Price is below the daily pivot point USD 2,570
- Technically bullish yesterday, we had a neutral bias due to the strength of the downside move, making USD 2,624 the key resistance to follow. The MA on the RSI continued to warn that momentum was weak, meaning support levels remained vulnerable. The futures moved sideways yesterday with price trading in the Fibonacci support band. The RSI is below 50 with price and momentum conflicting.
- A close on the 4-hour candle above USD 2,570 with the RSI at or above 50.5 will mean price and momentum are aligned to the buy side. Likewise, a close below this level with the RSI at or below 46 will mean it is aligned to the sell side. Upside moves that fail at or below USD 2,624 will leave the futures vulnerable to further tests to the downside, above this level we target the USD 2,667.5 fractal high.
- We remain bullish with a neutral bias with the MA on the RSI continuing to imply that momentum is weak, warning that the USD 2,535 support is still vulnerable.

Nickel Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	16,790		RSI below 50
S2	R2			
S3	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (35)
- Stochastic is below 50
- Price is below the daily pivot point USD 16,905
- We remained technically bearish yesterday with a potential downside target at USD 16,378. Price was still in divergence with the RSI, warning we had the potential to see a momentum slowdown, meaning we remained a cautious bear. We did trade to a new low before finding light bid support; however, the futures are moving lower again this morning. 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 16,905 with the RSI at or above 39.5 will mean price and momentum are aligned to the buy side. Upside moves that fail at or above USD 17,290 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 today. We remain bearish with a potential downside target at USD 16,38; however, the futures remain in divergence with the RSI. Not a buy signal, it is a warning that we could see a momentum slowdown, meaning we maintain a note of caution on downside moves at this point.

Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,264	R1	2,272	RSI above 50	
S2	2,250	R2			
S3	2,232	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (60)
- Stochastic is oversold (at 30)
- Price is below the daily pivot point USD 2,283
- We remained technically bullish yesterday. Price and momentum were conflicting whilst we had a negative divergence on the lower timeframe, warning that buyside momentum was slowing, leaving the futures vulnerable to a corrective phase. However, the longer-term Elliott wave cycle suggested that downside moves should still be considered as countertrend. The futures have moved lower with price now testing the Fibonacci support zone. We are above the EMA support band with the RSI above 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 2,283 with the RSI at or below 68.5 will mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 2,232 will support a bull argument, below this level the technical will have a neutral bias.
- Unchanged on the technical, we remain bullish but in a corrective phase with downside moves considered as countertrend. A move below USD 2,232 will be considered as deep into the last bull wave, meaning that the probability of the futures trading to a new high will start to decrease.