



# Base Morning Technical Report

[info@freightinvestor.com](mailto:info@freightinvestor.com) | [freightinvestorservices.com](http://freightinvestorservices.com) | (+44) 207 090 1120

## China

China will likely wait until early next year to cut policy rates to support the economy, though other forms of easing before the end of 2023 via trims to shorter-term rates or reserve ratios are still in the cards.

That's according to the latest Bloomberg survey of economists, in which respondents said they see the rate on China's one-year medium-term lending facility staying put at 2.5% by the end of the year, compared with the previous median estimate of a five basis point trim. Any reductions are instead likely to happen in the first quarter: 12 of 20 economists surveyed see the People's Bank of China cutting the rate on its one-year policy loans then by five basis points or more. (Bloomberg)

# Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	8,324	R1	8,376	RSI above 50	
S2	8,279	R2			
S3	8,243	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- The RSI is above 50 (55)
- Price is below the daily pivot point USD 8,387
- Stochastic is below 50
- Technically bullish yesterday, the futures had entered a corrective phase with intraday Elliott wave analysis suggesting that the move lower looks to be countertrend, making USD 8,279 the key support to follow. If broken, then the probability of the futures trading to a new high would start to decrease. The RSI was below its MA; however, the average remained in an upward trajectory, implying momentum remained supported at this point. The futures traded down to but held the EMA support band, resulting in price finding light bid support into the close. The RSI is above 50 but intraday price and momentum are conflicting, as the previous candle closed above the daily pivot point.
- A Close on the 4-hour candle above USD 8,387 with the RSI at or above 64.5 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. 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.
- We remain technically bullish but in a corrective phase at this point, Elliott wave analysis would suggest that downside moves should still be considered as countertrend. The MA on the RSI is starting to turn lower, warning that momentum is weakening; however, the RSI is still above 50 with the Stochastic approaching oversold levels, warning we remain vulnerable to upside moves, providing the RSI is above 50, this is creating a momentum confliction. If we reject the USD 8,431 resistance then support levels will be vulnerable, if broken it will imply that we are possibly in the early stages of a bullish impulse wave 5. Key support is unchanged at USD 8,279, if broken, then the probability of the futures trading to a new high will start to decrease.

# Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,219	R1	2,228	Stochastic oversold	RSI is below 50
S2	2,210	R2			
S3	2,196	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (48)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,231
- Due to the breach in the USD 2,261 resistance previously, the technical was neutral with the probability of the futures trading to a new low starting to decrease. The MA on the RSI suggested that momentum was supported, but we are moving lower on a 1-hour divergence, meaning momentum was conflicting. We were neutral due to the breach in resistance and the conflicting momentum. The futures have moved lower in line with the Elliott wave cycle, despite the deep pullback on the 21/11. We are now 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 2,231 with the RSI at or above 55 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 2,247 will leave the futures vulnerable to further tests to the downside, above this level we target the USD 2,264 fractal resistance.
- On price, the technical is bullish, as it had previously broken the USD 2,244.5 resistance. However, our wave analysis had warned that there was a larger bear cycle in play, warning upside moves looked to be counter-trend, the move above USD 2,261 (Breached by USD 3.00) resulted in the technical becoming neutral due to the strength of the pullback. The downside move below USD 2,219 into the close last night is again warning that the bearish wave cycle is back in play, meaning the USD 2,196 fractal low could come under pressure. The MA on the RSI is neutral to slightly lower, implying momentum is slightly weak. We are more bearish than bullish, but it is not the cleanest of technicals.

# Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,507	R1	2,551	Stochastic oversold	RSI below 50
S2	2,489	R2	2,572		
S3	2,462	R3	2,602		

## Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (42)
- Stochastic is oversold
- Price is above the daily pivot point USD 2,507
- Technically bearish yesterday, the MA on the RSI continued to imply that momentum was weak whilst the RSI was making new lows. This suggested that intraday upside moves had the potential to be countertrend in the near-term, making USD 2,610 the key resistance to follow. If broken, then the probability of the futures trading to a new low would start to decrease. We traded to a low of USD 2,477 before finding light bid support on the Asian open. Price is below the EMA resistance band with the RSI below 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle above USD 2,507 with the RSI at or above 45 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. Upside moves that fail at or below USD 2,551 will leave the futures vulnerable to further tests to the downside.
- Technically bearish, the MA on the RSI continues to warn of momentum weakness; however, the new low yesterday has produced a positive divergence with the RSI on the 1-hour chart. Not a buy signal, it is a warning that we have the potential to see a momentum slowdown, which will need to be monitored. If we trade above USD 2,551 then the probability of the futures trading to a new low will start to decrease, whilst a move above USD 2,590 will mean that the technical is bullish. We are now cautious on downside moves due to the divergence that is in play.

# Nickel Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	16,410	Stochastic oversold	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 (33)
- Stochastic is oversold
- Price is below the daily pivot point USD 16,628
- We remain bearish yesterday with the RSI still in divergence, warning the futures were still vulnerable to a momentum slowdown. However, the technical had changed, as the continued downside move meant that we were seeing wave extension again. This suggested that upside moves should be considered as countertrend, meaning from an Elliott wave cycle perspective, key resistance is back at USD 17,877. The futures continued to move lower with price remaining 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 16,628 with the RSI at or above 38.5 will mean price and momentum are aligned to the buy side. Upside moves that fail at or above USD 17,163 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. We remain bearish with the RSI still in divergence with price, warning the futures are still vulnerable to a momentum slowdown. However, due to the Elliott wave extension upside moves should be considered as countertrend, meaning from an Elliott wave cycle perspective, key resistance is back at USD 17,862.

# Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,207	R1	2,233	Stochastic oversold	RSI is below 50
S2	2,188	R2	2,258		
S3	2,156	R3	2,305		

## Synopsis - Intraday

Source Bloomberg

- Price is between the EMA support band (Black EMA's)
- RSI is below 50 (46)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,233
- Technically bullish yesterday with our Elliott wave analysis suggesting that downside moves should be considered as countertrend. The MA on the RSI continued to warn that momentum remained weak, implying support levels could still come under pressure. We had revised the Fibonacci support levels lower, as we were running the low from the wrong fractal. Key support was at USD 2,207, a move below this level would warn that the probability of the futures trading to a new high would start to decrease. The futures continue to move lower on weak momentum with the futures trading in the EMA support band. The RSI is now below 50 with intraday price and momentum aligned to the sell side.
- A close on the 4-hour candle above USD 2,233 with the RSI at or above 57 will mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 2,207 will support a bull argument, below this level the technical will have a neutral bias.
- We remain bullish with downside moves considered as countertrend, the MA on the RSI continues to suggest that momentum remains weak at this point. We have key support at USD 2,207; however, if our wave analysis is correct, then our interpretation of the cycle is that the move higher that started on the 01/11/23 looks to be the base of what will eventually be a wave 3 extension. If this is the case, then the USD 2,207 support is probably not as significant a level as a normal 66% retracement, suggesting it could be breached but still produce a move higher. If we move below USD 2,156, then it will start bringing into question the longer-term cycle.

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