



# Base Morning Technical Report

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## China

China should gradually reduce its holdings of Treasuries and boost imports to balance its foreign trade to control its exposure to US debt risks, a former adviser to its central bank said.

The US has accumulated \$18 trillion in net overseas debt, which is equivalent to some 70% of its gross domestic product, Yu Yongding said in a speech in the southern city of Sanya on Sunday. That figure could climb to 100% as the nation's budget deficit grows while official US forecasts suggest GDP expansion won't be big enough to offset the difference, he indicated.

The appeal of American debt to other countries is also declining given the "weaponization" of the dollar by Washington, Yu said, echoing Beijing's complaints about the US's use of financial sanctions. (Bloomberg)

## Base Metals

Nickel led the decline in base metals futures Monday, after two Federal Reserve officials pushed back against expectations that the central bank will cut US interest rates as soon as March.

A more dovish Fed would have strengthened the outlook for base metals, as well as softening the US dollar. Those hopes were set back when New York Fed President John Williams said it was "premature" for officials to begin thinking about lowering borrowing costs, while Atlanta Fed President Raphael Bostic said he expects two rate cuts in 2024 but not starting until the third quarter. (Bloomberg).

# Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	8,534	R1	8,540.5	RSI above 50	Stochastic overbought
S2	8,465	R2			
S3	8,427	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- The RSI is above 50 (58)
- Price is above the daily pivot point USD 8,534
- Stochastic is overbought
- Technically bearish with a neutral bias due to the strength on the pullback on Friday, the futures were testing trend support at USD 8,516, a close below that held below this level would warn of technical weakness, making USD 8,367 the key support to follow. The MA on the RSI warned that momentum was supported, whilst the move above USD 8,503 suggested that the USD 8,640 fractal high was vulnerable. We were cautious on pullbacks as the RSI had recently broken resistance. We broke the trend support with the futures trading to a low of USD 8,471 before finding bid support. Price is above the EMA band with the RSI above 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle below USD 8,534 with the RSI at or below 57.5 will mean price and momentum are aligned to the sell side; likewise, a close above this level with the RSI at or above 62 will mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 8,376 will support a near-term bull argument, below this level the USD 8,267 fractal low will start to look vulnerable.
- We remain bearish with a neutral bias; the futures are below trend support. However, as noted on Friday, the new high in the RSI is warning that the futures are vulnerable to a move higher, meaning resistance levels are vulnerable. If we do see a move below USD 8,367, it will mean that 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	R1	2,242	RSI above 50	Stochastic overbought
S2	R2			
S3	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (66)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,234
- Technically bullish on Friday, the RSI was trading to a new high with MA on the RSI is indicating that momentum was supported, suggesting downside moves had the potential to be countertrend. We noted that we had seen a strong move higher with price above trend support; however, the trajectory of the trend did warn that we could see an intraday technical pullback soon. The futures produced a small pullback into the European close that has held above the trend support, we are 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 2,234 with the RSI at or below 61 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 2,163 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the futures are now trading on the trend support line, the MA on the RSI continues to suggest that momentum is supported at this point. We maintain our view that downside moves could potentially be countertrend at this point with key support at USD 2,163. A move below this level will warn that the probability of the futures trading to a new high has started to decrease.

# Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,518	R1	2,526.5	RSI above 50	Stochastic overbought
S2	2,489	R2			
S3	2,473	R3			

## 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 2,518
- Technically bearish with a neutral bias last week, the move above USD 2,506 meant that the probability of the futures trading to a new low was decreasing. The MA on the RSI was supported, warning that the USD 2,574 resistance remained vulnerable, implying we could see the bearish Elliott wave cycle fail. The futures continue to move higher with price above the EMA support band whilst the RSI is above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 2,518 with the RSI at or below 59.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 2,450 will support a near-term bull argument, below this level the USD 2,403 support will become vulnerable.
- Technically bearish with a neutral bias, the MA on the RSI continues to suggest that momentum is supported at this point, making USD 2,450 the key support to follow. A move below this level will warn that the probability of the futures trading to a new high will start to decrease. Based on the recent high on the RSI, we maintain our view that downside moves look like they could be countertrend in the near-term, warning the bearish Elliott wave cycle could fail.

# Nickel Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	16,280	R1	17,081	16,875	RSI above 50	
S2	16,146	R2	17,270			
S3	16,095	R3	17,590			

## Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (52)
- Stochastic is above 50
- Price is below the daily pivot point USD 17,081
- The futures were at an inflection point on Friday, we were trading just above trend resistance having tested the downside a couple of times, suggesting price was supported. However, the break was still not clear, as we had closed above the resistance but needed to see evidence that the break had held (by moving higher), if we did, then resistance levels should in theory come under pressure. If we failed to hold, then we remained neutral within the price pattern. We noted that the futures were now trading at the base of the daily EMA resistance band. We had a test to the upside, but the move failed to hold, resulting in price trading back into the symmetrical triangle. 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 17,081 with the RSI at or above 58.5 will mean price and momentum are aligned to the buy side. Very repetitive but...The next piece of dialogue remains unchanged again. Key resistance in terms of the Elliott wave cycle is at USD 17,694, we remain bearish below this level and neutral above in the near-term. However, we should note that this is an extended wave 3 with multiple timeframes in play (the time period in terms of the Elliott wave cycle is 720 min candle for the higher timeframe with key resistance at USD 19,463). In theory USD 17,964 is a key level on the 205-minute cycle and should hold, but we remain conscious of the larger cycle in play; as a break above this level, although not ideal and will ask questions on the wave cycle, it does not change the longer-term wave footprint.
- Technically bearish with a neutral bias, the futures are back at the inflection point. Having opened lower, price is now on the trend resistance of the symmetrical triangle. If we close above the trend resistance and price and momentum become aligned to the buy side, we could see resistance levels come under pressure. Failure to do so will leave the futures with a neutral bias. We continue to highlight that the futures are struggling to hold upside moves due to the daily EMA resistance band.



# Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,081	R1	2,087.5	RSI above 50	Stochastic overbought
S2	2,030	R2			
S3	2,016	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is above the EMA resistance band (Black EMA's)
- RSI is above 50 (55)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,081
- The futures continued to move higher on Friday with the MA on the RSI suggesting momentum was supported. Based on intraday Elliott wave analysis, we maintain our view that upside moves look like they will be countertrend at this point. We traded to a high of USD 2,102 before trading back to Friday mornings levels. We remain above the EMA resistance band with the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 2,081 with the RSI at or below 51 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 2,191 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. The futures continue to move higher with the MA on the RSI suggesting momentum is supported. Based on intraday Elliott wave analysis, we maintain our view that upside moves look like they will be countertrend at this point.

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