



Base Morning Technical Report

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China

Caixin China Dec. Composite PMI 52.6 vs 51.6 in Nov. (Bloomberg)

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Nickel led most base metals lower, after rising exchange inventories hinted at lackluster demand and the latest hawkish comments from Federal Reserve policymakers hit sentiment.

The metal is down about 2% so far in 2024, following a 45% slump last year that made nickel the worst performer among the six base metals on the LME. The market has been flooded with a wave of new material from top producer Indonesia at a time when demand growth has faded.

Inventories of the metal used in making stainless steel and electric vehicle batteries have surged more than 60% since November on the London Metal Exchange, rebounding from a decade-low level. Holdings on the Shanghai Futures Exchange have also risen to three-year high.

Risk appetite also faded on Thursday after the latest Fed meeting minutes indicated interest rates will remain elevated for longer.

Nickel fell 0.7% to \$16,300 a ton on the LME as of 11:18 a.m. in Shanghai. Copper was down 0.2%. Aluminum declined 0.7%, down for a third day, as alumina extended losses in Shanghai (Bloomberg)

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	8,419	R1	8,492	Stochastic oversold	RSI below 50
S2	8,363	R2			
S3	8,267	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- The RSI is below 50 (42)
- Price is below the daily pivot point USD 8,499
- Stochastic is oversold
- Technically bearish yesterday, the MA on the RSI implied that momentum remained weak. The futures were above the daily EMA support band; however, the upside move rejected the weekly pivot point on Tuesday (USD 8,604), resulting in price moving lower, implying support levels could come under further pressure. If the corrective move lower held above the USD 8,419 level it would warn that there was potentially a larger, bullish Elliott wave cycle in play. If broken, then the probability of a larger bull cycle will start to decrease. Other areas of interest (support) will be USD 8,377, as this is the base of the daily EMA support, and USD 8,417 as it is the intraday 200-period EMA. We do have a support zone below us, but with the RSI making new lows it would suggest that upside moves look like they could be countertrend at this point. The futures did sell lower on the back of weak momentum and the pivot point rejection; however, we are holding above the daily EMA support band still. Price is below the EMA rejection 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 8,499 with the RSI at or above 46.5 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 8,627 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically we are still bearish with price holding daily support bands but below intraday resistance bands. Based on the new low in the RSI yesterday, we maintain our view that upside moves look like they could be countertrend. However, a note of caution at these levels, the move higher into the close yesterday was on the back of a positive divergence with the RSI on the 30-minute chart. It is a low timeframe but could be a warning that intraday traders could look to test resistance levels in the near-term.

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,282	R1	2,292	Stochastic oversold	RSI below 50
S2	2,260	R2			
S3	2,222	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (44)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,310
- Technically bullish but in a corrective phase yesterday, the MA on the RSI continued to warn that momentum was weak. However, our intraday Elliott wave analysis suggested that the corrective move lower looked to be countertrend; if the RSI moved above and held above 50, then momentum would be vulnerable to a move higher, as the stochastic was oversold. The futures have continued to move lower with the RSI now below 50, price is below the EMA support band with intraday price and momentum aligned to the sell side.
- A close on the 4-hour candle above USD 2,310 with the RSI at or above 56 will mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 2,282 will support a bull argument, below this level the technical will have a neutral bias.
- Technically we are still bullish but in a corrective phase, the MA on the RSI continues to imply that momentum is weak at this point with our intraday Elliott wave analysis suggesting the move lower is potentially countertrend. We are now testing our key support at USD 2,282, if broken then the probability of the futures trading to a new high will start to decrease. 4 – hour momentum implies weakness, but the 1-and-2-hours charts are showing an RSI divergence, suggesting caution on downside moves, as they could struggle to hold.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,567	R1	2,570	Stochastic oversold	RSI below 50
S2	2,538	R2			
S3	2,521	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (43)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,582
- Technically bullish but in a corrective phase yesterday, we had a few conflicts on the technical. Price was holding above key support with the RSI above 50 and the stochastic in oversold territory, if the RSI held above 50 then momentum warned that we could see a move higher. However, the MA on the RSI implied momentum weakness, suggesting we needed to see price and momentum become aligned to the buyside to support an upside move. We were bullish but we had an intraday 5-wave pattern higher that completed with a negative divergence, we could also see that the RSI had broken support and made a new low. For this reason, we were cautious on upside moves, as they had the potential to be countertrend. The futures have traded lower, meaning key support has been broken. 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 2,582 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 2,636 will leave the futures vulnerable to further tests to the downside, above this level the USD 2,675 fractal high will start to look vulnerable.
- Technically bullish with a neutral bias, the probability of the futures trading to a new high has started to decrease. The MA on the RSI is implying momentum weakness, whilst the new low on the RSI is warning that upside moves could be countertrend at this point, meaning we remain cautious on intraday moved higher.

Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	16,146	R1	16,285	Stochastic oversold	RSI below 50
S2	15,840	R2			
S3	15,605	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (39)
- Stochastic is oversold
- Price is below the daily pivot point USD 16,455
- Technically neutral yesterday, we left the symmetrical triangle on the chart for today to illustrate that the futures had traded through the Apex of the triangle, meaning the pattern had failed. The EMA's were flat, indicating a neutral market, this also means they are unlikely to be respected at this point. We did however remain below the daily EMA resistance band, suggesting caution on upside moves. the futures have moved lower but remain in consolidation. 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 16,455 with the RSI at or above 48 will mean price and momentum are aligned to the buyside.
- We remain neutral within the consolidation zone; however, the longer-term Elliott wave cycle is still bearish. A close below that holds below USD 16,095 will warn that the USD 15,840 support could come under pressure; if this level is broken then we have the potential to trade as low as USD 14,815.

Lead Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,049	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 (43)
- Stochastic is oversold 50
- Price is below the daily pivot point USD 2,052
- Unchanged again yesterday, we remained bearish with upside moves considered as countertrend based on our intraday Elliott wave analysis. However, the EMA's were flat with price and momentum conflicting, implying price action was neutral. The futures have seen a small move lower, 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 2,052 with the RSI at or above 48 will mean price and momentum are aligned to the buyside. 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.
- Technically bearish with upside moves considered as countertrend. A close below that holds below the USD 2,030 level will warn that the USD 2,016 fractal low could be tested and broken. If it is, we then have a potential downside target at USD 1,903 based on the Fibonacci projection levels from the Elliott wave cycle.