



Base Morning Technical Report

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China

China's central bank signaled that it's prepared to keep policy loose by lowering the amount of money banks must keep in reserve, reinforcing expectations among investors of more easing to come.

The People's Bank of China will use a variety of tools to provide "strong support" for a reasonable growth in credit, said Zou Lan, head of the central bank's monetary policy department, in an interview with Xinhua News Agency late Monday. He highlighted "reserve requirements" as one option, suggesting policymakers have considered trims to that ratio as a way to boost lending capacity and bolster credit. (Bloomberg)

Cu

Copper may struggle to move higher this month as pricing patterns on the world's preeminent metals market suggest there's plentiful supply in the near term.

Cash metal is more than \$108/ton cheaper than benchmark three-month futures on the London Metal Exchange. That's the widest contango in data going back to 1994.

Sure, copper has a very robust medium-term story to tell, with swelling demand for the energy transition and plenty of supply challenges, too. But here and now, that contango probably needs to close up for prices gain much traction. (Bloomberg Markets Live)

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	8,425	R1	8,434		RSI below 50
S2	8,363	R2			
S3	8,267	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- The RSI is below 50 (43)
- Price is above the daily pivot point USD 8,425
- Stochastic is below 50
- Technically bearish yesterday with the futures still in divergence, warning we remained vulnerable to a momentum slowdown. We maintained our view that upside moves look to be countertrend based on the RSI low on the 03/01/24, alongside price remaining in the daily EMA support band. The futures traded to a low of USD 8,377.5 before finding light bid support, resulting in price trading to a high of USD 8,483 before rejecting the EMA Resistance band, the RSI is below 50 with price and momentum aligned to the buyside.
- A close on the 4-hour candle below USD 8,425 with the RSI at or below 40.5 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 8,600 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 upside moves looking like they could be countertrend. However, we remain cautious on downside moves at these levels as we have the potential for further positive divergences below USD 8,377.50. Although not buy signals, they are warning we could see a momentum slowdown, as highlighted yesterday when the new low was followed by a USD 100 upside move.

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,222	R1	2,235	Stochastic oversold	RSI below 50
S2	2,173	R2			
S3	2,154	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (37)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,249
- Unchanged on the technical yesterday, we remained bullish with a neutral bias. We continued to conflict on the technical as the wave cycle did suggest that there could be another bull move higher; however, the depth of the pullback alongside the RSI making new lows would suggest that resistance levels should hold if tested. The futures have continued to move lower with the pullback now very deep, the conflict that we have highlighted over recent days would suggest that the wave cycle could fail here. 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 2,249 with the RSI at or above 42.5 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 2,342 will leave the futures vulnerable to further test to the downside, above this level we have the potential to test the USD 2,398 fractal resistance.
- On paper, we are still bullish with a neutral bias, in reality the depth of the pullback would suggest that the USD 2,222 support will be tested and broken. The MA on the RSI is warning of momentum weakness, the new low in the RSI is implying that upside moves have the potential to be countertrend, suggesting the USD 2,342 resistance should hold if tested. We do have divergences on the 1-hour technical warning of a near-term momentum slowdown, implying we could see an intraday move higher soon. However, based on the technical, it does look like support will be broken, if not today, then sometime soon.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,516	R1	2,561	Stochastic oversold	RSI below 50
S2	2,477	R2	2,583		
S3	2,461	R3	2,612		

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (41)
- Stochastic is oversold
- Price is above the daily pivot point USD 2,516
- Unchanged on the technical yesterday, we remained bearish with upside moves looking like they could be countertrend based on the RSI low. A move below USD 2,526.5 would create a positive divergence with the RSI, not a buy signal, it warned that we could see a momentum slowdown. This suggested that we remained vulnerable to an intraday move higher in the near-term. We are still trading on the daily EMA support band with key resistance unchanged at USD 2,624. The futures traded to a low of USD 4,991.50 before finding light bid support. Price is below the EMA resistance band with the RSI below 50, intraday price and momentum are now aligned to the buyside.
- A close on the 4-hour candle below USD 2,516 with the RSI at or below 38 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 2,612 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically we remain bearish, the divergence has failed on the 4-hour RSI; however, it remains in play on the 1-hour technical. Not a buy signal, it is warning that we have the potential to see a momentum slowdown. The MA on the RSI is now flat, which is also implying that sell side momentum is slowing down, warning we are vulnerable to an intraday move higher. As previously noted, the new low in the RSI does warn that any upside move still has the potential to be countertrend. The move lower yesterday means price is below the daily EMA support band, warning the technical condition continues to weaken. If we do see a close on the daily chart above USD 2,539, it will suggest that momentum based on price is starting to strengthen, indicating we could see the countertrend move higher that momentum is warning us of.

Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear	
S1	16,270	R1	16,265		RSI below 50	
S2	15,895	R2				16,634
S3	15,840	R3				16,871

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (45)
- Stochastic is above 50
- Price is on the daily pivot point USD 16,270
- Technically bearish on the previous report, the MA on the RSI was flat, warning momentum could be turning neutral; however, the RSI low on the 05/01/24 warned that upside moves had the potential to be counter-trend. Downside moves that traded below USD 15,840 had the potential to trade as low as USD 14,815. The futures have traded into but remain below the EMA resistance band. The RSI is still below 50 with intraday price and momentum aligned to the buyside, as the previous candle closed above the daily pivot level.
- A close on the 4-hour candle below USD 16,270 with the RSI at or below 41.5 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 16,871 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish with the recent low in the RSI implying upside moves have the potential to be counter-trend. The MA on the RSI is now turning higher, indicating momentum support, meaning resistance levels could come under pressure in the near-term, making USD 16,871 the key level to follow. If broken, then the probability of the futures trading to a new high will start to decrease.

Lead Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,069.5	RSI above 50	
S2	R2			
S3	R3			

Synopsis - Intraday

Source Bloomberg

- Price is on the EMA resistance band (Black EMA's)
- RSI is above 50 (51)
- Stochastic is above 50
- Price is above/on the daily pivot point USD 2,068
- We remained bearish with upside moves considered as countertrend yesterday. The MA on the RSI had starting to turn higher, implying momentum support, but the EMA's were flat indicating we were no longer in trend. The upside move that we had seen the previous day has failed to hold, resulting in the futures trading back to the EMA support band. The RSI is near-neutral at 51 with price and momentum now conflicting.
- A close on the 4-hour candle above USD 2,068 will mean price and momentum are aligned to the buyside; likewise, a close below this level with the RSI at or below 49 will mean it is 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.
- Technically bearish with upside moves considered as countertrend. We are neutral on the MA, RSI, price and momentum, and the EMA's. big moves do come from neutral markets, but at this point, this is one to observe.