



# Base Morning Technical Report

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## Base

Base metals extended Thursday's gains as investor risk appetite returned and the dollar weakened.

Metals from copper to aluminum were higher as global stocks advanced, boosted by a rally in technology companies. The dollar declined, making commodities cheaper for buyers in other currencies.

The oversupply in industrial metals is gradually disappearing as a growing number of producers are halting or re-viewing projects. Disruptions at copper mines overseas have reduced the amount of ore available for processing in China, threatening output at some smelters.

Still, metals have had a soft start to the year, with prices heading for a third weekly loss. Top consumer China is expected to hold off from implementing major stimulus despite the deepening property crisis, and investors have dialed back their bets for aggressive interest-rate cuts by the Federal Reserve.

Aluminum was up as much as 0.7% to \$2,177.50 a ton on the London Metal Exchange, before trading at \$2,169 by 11:39 a.m. in Shanghai. Copper rose 0.3%. (Bloomberg).

# Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	8,295	R1	8,295		RSI below 50
S2	8,263	R2			
S3	8,216	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- The RSI is below 50 (46)
- Price is above the daily pivot point USD 8,295
- Stochastic is below 50
- We remained in a bearish trending environment yesterday; however, the new low previously had created a positive divergence with the RSI. Not a buy signal, it warned that we had the potential to see a momentum slowdown, which needed to be monitored. Intraday Elliott wave analysis still suggested that we had the potential to trade as low as USD 8,216, with upside moves considered as countertrend. Due to the divergence, we were a cautious bear at these levels, meaning that the futures are not considered a technical sell, as we were vulnerable to an intraday move higher. The futures traded to a low of USD 8,245 but the moved failed to hold, resulting in price closing in positive territory on the day. We remain below all key moving averages with the RSI below 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 8,295 with the RSI at or below 41 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 8,386 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias, warning we are entering a countertrend Elliott wave B.
- Technically bearish, the futures produced a bullish rejection candle on the daily chart yesterday with the intraday technical in divergence. Downside moves are failing to hold, with warnings of a momentum slowdown due to the divergence, meaning we maintain our view that the futures are not considered a technical sell at these levels. Our intraday Elliott wave analysis continues to suggest that upside moves are considered as countertrend at this point.

# Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,151	R1	2,163	Stochastic oversold	RSI below 50
S2	2,122	R2			
S3	2,085	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (30)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,174
- We remained technically bearish yesterday, the intraday Elliott wave cycle continued to suggest that upside moves had the potential to be countertrend. The downside move previously resulted in the divergence failing; however, the MA on the RSI was flat, implying momentum was neutral with the RSI testing its average. Despite the divergence failure, we continued to see warning signs that momentum was slowing down, meaning we maintained a cautious view on downside moves. If price and momentum become aligned to the buy side, the futures would be vulnerable to an intraday move higher. The futures have seen another small move lower with price remaining below all key moving averages, the RSI is below 50 with intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 2,174 with the RSI at or above 36.5 will mean price and momentum are aligned to the buy side. Upside moves that fail at or below USD 2,318 will leave the futures vulnerable to further test to the downside, above this level the technical will have a neutral bias.
- We remain in a bearish trending environment with price making new lows, the intraday Elliott wave cycle continues to suggest that upside moves have the potential to be countertrend. The new low means we have a minor divergence with the RSI in play, this is more prominent 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. For this reason, we maintain a cautious view on downside moves as we remain vulnerable to an intraday move higher.

# Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,443	R1	2,462	Stochastic oversold	RSI below 50
S2	2,411	R2	2,508		
S3	2,391	R3	2,529		

## 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 2,462
- Technically bearish yesterday, the MA on the RSI indicated that momentum remained weak, implying upside moves still had the potential to be countertrend. We had a small note of caution, as the 60 min RSI was in divergence on the new low on the open, warning we were starting to look vulnerable to an intraday move higher in the near-term, meaning we are cautious on downside moves. We did see a small move lower, but the move failed to hold. However, we remain 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 2,462 with the RSI at or above 42.5 will mean price and momentum are aligned to the buy side. Upside moves that fail at or below USD 2,556 will leave the futures vulnerable to further test to the downside, above this level the technical will have a neutral bias.
- Technically bearish at this point, if we trade below USD 2,443 then intraday Elliott wave analysis would suggest that we have a potential downside target at USD 2,371, based on Fibonacci projection values; however, it will mean that there will be lower timeframe divergences in play, implying caution. Upside moves are still considered as countertrend at this point, if we do trade to a new low, this may not be the case, as it means we could potentially have entered an Elliott wave 5 of a wave C (I.E., the last wave of this phase of the cycle).

# Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	16,150	R1	16,185	Stochastic oversold	RSI below 50
S2	15,840	R2			
S3	15,606	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is between the EMA resistance band (Black EMA's)
- RSI is below 50 (48)
- Stochastic is above 50
- Price is above the daily pivot point USD 16,150
- Technically bearish yesterday, the futures had moved high on the open with price now in the EMA resistance zone, a move above USD 16,255 would warn that the USD 16,460 resistance could come under pressure. The MA on the RSI was flat, implying momentum was neutral. We continued to remain cautious on upside moves due to the daily resistance zone above us. The futures trade to a high of USD 12,285 but we remain in the EMA resistance band. The RSI is below 50 with intraday price and momentum aligned to the buyside.
- A close on the 4-hour candle below USD 16,150 with the RSI at or below 43 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, the futures did break the USD 16,255 fractal but we have failed to move higher due the intraday EMA resistance band. If we trade below USD 16,000 it will create a positive divergence with the RSI; however, this could also signal another lower timeframe Elliott wave signal. If it does, then in theory, the 4-hour divergence should fail. As noted, many times, we remain cautious on upside moves due to the daily EMA resistance band.

# Lead Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,083		
S2	R2			
S3	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is at 50 (50)
- Stochastic is below 47
- Price is above the daily pivot point USD 2,069
- Unchanged on the technical yesterday, we remained bearish with upside moves still considered as countertrend. The MA on the RSI continued to warn that momentum remained weak. The futures have had an intraday move higher with price now above the EMA resistance band. The RSI is neutral at 50 with price and momentum aligned to the buyside.
- A close on the 4-hour candle below USD 2,069 with the RSI at or below 44 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 2,209 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 based on our intraday Elliott wave analysis. The RSI is back above its average, but the MA continues to move lower, warning momentum is still to showing signs of weakness. We maintain a cautious view on upside moves as the futures are now trading in the daily EMA resistance band.