



Base Morning Technical Report

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China

Chinese authorities are considering a package of measures to stabilize the slumping stock market, according to people familiar with the matter, after earlier attempts to restore investor confidence fell short and prompted Premier Li Qiang to call for “forceful” steps.

Policymakers are seeking to mobilize about 2 trillion yuan (\$278 billion), mainly from the offshore accounts of Chinese state-owned enterprises, as part of a stabilization fund to buy shares onshore through the Hong Kong exchange link, said the people, asking not to be identified discussing a private matter. They have also earmarked at least 300 billion yuan of local funds to invest in onshore shares through China Securities Finance Corp. or Central Huijin Investment Ltd., the people said. (Bloomberg).

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	8,340	R1	8,383	RSI above 50	
S2	8,294	R2			
S3	8,245	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA resistance band (Black EMA's)
- The RSI above 50 (53)
- Price is above the daily pivot point USD 8,340
- Stochastic is above 50
- Technically bearish with a neutral bias yesterday (based on near-term price action), we looked to be in the early stages of a countertrend Elliott wave B. The MA on the RSI implied that intraday momentum was supported whilst the RSI was neutral at 50, the futures had opened above the weekly pivot level (USD 8,339), warning resistance levels were starting to look vulnerable. However, we had the daily 200-period MA at USD 8,371 and the weekly 200-period MA at USD 8,374, making this an inflection point. If we closed above and held above the averages, then resistance levels could come under pressure. Failure to do so will warn that support levels could be tested and broken. The futures rejected the average resulting in a pullback to USD 8,311; however, we are seeing bid support during the Asian day session with price trading above yesterday morning's values. We are 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 8,340 with the RSI at or below 47 will mean price and momentum are aligned to the sell side. Upside moves above USD 8,460 will mean the intraday technical is bullish based on price; however, key resistance in terms of the Elliott wave cycle is at USD 8,555. Only above this level does the wave cycle become neutral.
- The RSI held MA support yesterday resulted in price moving above the 200-period daily and weekly EMA's this morning. The technical is still bearish with a neutral bias with the MA on the RSI continuing to suggest that momentum is supported at this point, with price looking like it is in a countertrend Elliott wave B. Key resistance in terms of the wave cycle is at USD 8,555, the cycle is bearish below this level and neutral above, the momentum support does however suggest that resistance levels could come under pressure in the near-term.

Aluminium Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,164.5	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 (38)
- Stochastic is oversold
- Price is above/on the daily pivot point USD 2,162.5
- Technically bearish yesterday, the futures were moving higher on a minor divergence, the MA on the RSI was starting to turn higher, implying sell side momentum was showing signs that it could be slowing down. We maintained our view based on the Elliott wave cycle that upside moves look to be countertrend; however, we remain cautious on downside moves at these levels due out the divergence and slowing momentum. The futures had a small move lower, creating a second divergence whilst the RSI above its MA. We are finding light bid support on the Asian open but we remain below the EMA resistance band with the RSI below 50, intraday price and momentum are conflicting, as the previous candle closed below the daily pivot level.
- A close on the 4-hour candle below USD 2,162.5 with the RSI at or below 32.5 will mean price and momentum are aligned to the sell side; likewise, a close above this level will mean it is aligned to the buy side. Upside moves that fail at or below USD 2,316 will leave the futures vulnerable to further test to the downside, above this level the technical will have a neutral bias.
- Technically bearish, the RSI held MA support whilst on divergence yesterday, implying sell side momentum is slowing, meaning the futures are now vulnerable to a countertrend move higher. Like yesterday, we are cautious on downside moves at these levels, as the technical would suggest we are overextended to the downside.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,457	R1	2,508	2,489	RSI below 50
S2	2,411	R2	2,529		
S3	2,391	R3	2,556		

Synopsis - Intraday

Source Bloomberg

- Price is between the EMA resistance band (Black EMA's)
- RSI is below 50 (49)
- Stochastic is at 50
- Price is above the daily pivot point USD 2,457
- Unchanged on the technical yesterday, we remained bearish with a potential downside target at USD 2,371. We noted that a new low would create a positive divergence with the RSI, implying caution on downside breakouts. Upside moves were still considered as countertrend, providing we did not trade below USD 2,443. The futures traded to a low of USD 2,445 before finding bid support in the Asian day session. We are now between the EMA resistance band with the RSI near neutral at 49, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 2,457 with the RSI at or below 38.5 will mean price and momentum are aligned to the sell 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 with upside moves considered as countertrend, the futures are now testing the daily 200-period MA at USD 2,490, if we close above and hold above this level it will warn that resistance levels will start to look vulnerable. A close above USD 2,510 will be above the weekly pivot point, and further support a bull argument. Key resistance is at USD 2,556, if broken, then the probability of the futures trading to a new low will start to decrease. The MA on the RSI is implying that intraday momentum is supported at this point.

Nickel Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	16,360	RSI above 50	
S2	R2			
S3	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA resistance band (Black EMA's)
- RSI is above 50 (55)
- Stochastic is below 50
- Price is above the daily pivot point USD 16,038
- Technically bearish yesterday, the move below the USD 16,000 warned that we are seeing some form of Elliott wave extension to the downside, meaning the USD 15,895 – USD 15,840 were starting to look vulnerable. However, we were mindful that there was a divergence in play, we were bearish but had a note of caution. The futures traded to a low of USD 15,920 before finding bid support into the close and on the Asian open. We are now 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 16,038 with the RSI at or below 44.5 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 in terms of the Elliott wave cycle, the futures have broken the USD 16,345 fractal resistance on the open, meaning the futures have made a higher high. This is warning that the USD 16,460 – USD 16,871 Fibonacci resistance zone is starting to look vulnerable. If we do trade above USD 16,871, then the probability of the futures trading to a new low will start to decrease.

Lead Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,142	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 2,119
- Unchanged on the technical yesterday, we remained in range with upside moves considered as countertrend. The MA on the RSI had turned higher, warning momentum was supported, meaning resistance levels could come under pressure in the near-term. The longer-term averages were still flat, implying a lack of real directional bias. The futures have continued to move higher on the back of the momentum support with price now trading in the Fibonacci resistance zone. 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 2,119 with the RSI at or below 54.5 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. Likewise, downside moves that hold at or above USD 2,079 will support a near-term bull argument, below this level the USD 2,049 fractal support will start to look vulnerable.
- Technically we are still bearish with upside moves considered as countertrend, if we trade above USD 2,209 then the probability of the futures trading to a new low will start to decrease. The MA on the RSI is implying momentum is supported, meaning resistance levels remain vulnerable, whilst the new high on the RSI is warning that support levels could hold if tested in the near-term.