



Base Morning Technical Report

info@freightinvestor.com | freightinvestorservices.com | (+44) 207 090 1120

Metals

Industrial metals fell as prospects for weaker seasonal demand in top consumer China outweighed optimism over government stimulus.

Copper to aluminum climbed in the past two days as China unveiled a plan to boost liquidity in its banking system and on hopes that a fresh package of market-stabilizing measures is nearing.

Aluminum was a leading decliner on the London Metal Exchange, falling almost 1%. While the cut in the reserve requirement ratio for banks boosted risk sentiment, aluminum inventories in China may start building as processing plants cut runs before Lunar New Year, Citic Futures Co. said in a note. The holidays are in mid-February.

The light metal traded at \$2,209 a ton on the LME as of 12:16 p.m. in Shanghai. Nickel was down 0.9%, while copper declined 0.2%, retreating from the highest close in almost a month. (Bloomberg).

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	8,518	R1	8,548	RSI above 50	Stochastic overbought
S2	8,456	R2			
S3	8,415	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- The RSI above 50 (63)
- Price is above the daily pivot point USD 8,518
- Stochastic is overbought
- The technical remained bearish yesterday with price moving higher in what looked to be a countertrend Elliott wave B. The MA on the RSI continued to suggest that momentum was supported. If we did see the 4-hour candle close below USD 8,406, it would warn that buyside momentum was slowing, meaning we could see the futures test and break the USD 8,389 daily pivot level. Momentum was bullish, but the futures were approaching the intraday 4-hour simple moving average (USD 8,442), a close above that held above the average would further support a near-term bull argument; however, a rejection of the average will warn that support levels could come under pressure. The futures have seen a strong move higher on the back of China announcing that there will be a RRR cut in early Feb, the USD 8,555 resistance has now been breached. We are above all key moving averages supported by the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 8,518 with the RSI at or below 56 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 8,361 will support a near-term bull argument, below this level the USD 8,245 fractal low will start to look vulnerable.
- Technically, we are bearish with a neutral bias, the probability of the futures trading to a new low has now started to decrease, implying the bearish Elliott wave corrective cycle has a greater chance of failing. The MA on the RSI continues to suggest that momentum is supported, whilst the RSI is making new highs, indicating that support levels could hold if tested in the near-term. We are a little weaker on the open, warning that the USD 8,518 pivot level could be tested, as we are trading below short-term averages. The strong move higher means we could see a bit of book balancing today, meaning we may see an intraday pullback; however, the impulse move higher yesterday does warn that support levels should hold, with resistance levels now vulnerable.

Aluminium Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,210	RSI above 50	
S2	R2			
S3	R3			

Synopsis - Intraday

Source Bloomberg

- Price is between the EMA resistance band (Black EMA's)
- RSI is above 50 (51)
- Stochastic is above 50
- Price is below the daily pivot point USD 2,237
- Technically bearish yesterday, the upside move previously on the back of the positive divergence meant that we looked to be a countertrend Elliott wave B. The MA on the RSI was indicating that momentum was supported, implying resistance levels remained vulnerable. The futures had closed above the 200-period Intraday MA (USD 2,227), if we held above this level, it would further support a near-term bull argument. However, a close below this level would warn that support levels could come under pressure. If we traded above the USD 2,316 resistance, then the probability of the futures trading to a new low would start to decrease, warning the Bearish Elliott wave cycle could fail. The futures traded to a high of USD 2,268 but the move failed to hold, resulting in the futures reversing yesterday's gains. We are trading in the EMA resistance band with the RSI near neutral at 51, intraday price and momentum are conflicting.
- A close on the 4-hour candle below USD 2,237 with the RSI at or below 50.5 will mean price and momentum are aligned to the sell side. Likewise, a close above this level with the RSI at or above 54.5 will mean it is aligned to the buyside. 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 upside move failed to hold, resulting in the futures producing a bearish rejection candle yesterday (Pin-bar/shooting star), this has been followed by price moving lower in the Asian day session. The futures are now trading below the 200-period MA, warning the technical condition is starting to weaken. We maintain our view that upside moves should be considered as countertrend based on the intraday Elliott wave cycle.

Zinc Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,570.5	RSI above 50	Stochastic overbought
S2	R2			
S3	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA resistance band (Black EMA's)
- RSI is above 50 (62)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,566
- Technically, we were still in bearish territory yesterday. However, we had seen a strong impulse move higher that put price above key longer-term averages, meaning we were approaching the USD 2,556 resistance. The MA on the RSI indicated that momentum remained supported, implying resistance levels were still vulnerable. If we traded above USD 2,556, then the probability of the futures trade to a new low would start to decrease, meaning there was an increased chance of the corrective bear cycle failing. Downside moves on the 4-hour candle that closed below USD 2,525 would warn that the daily pivot at USD 2,505 could be tested and broken. The futures moved higher on the momentum support, meaning key resistance has been broken. We remain above all key moving averages supported by the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 2,566 with the RSI at or below 55 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 2,494 will support a near-term bull argument, below this level the USD 2,445.5 fractal support will start to look vulnerable.
- Technically bearish, we now have a neutral bias due to the strength of the upside move, the probability of the futures trading to a new low has now started to decrease. The MA on the RSI continues to suggest that momentum is supported at this point, whilst the RSI high is warning that support levels could hold if tested. We should note that we are now in a resistance area due to the upside rejection on the 15/01/24, we can also see that a large part of yesterday session was traded between USD 2,570 – USD 2,590, with the market profile chart showing point of control at USD 2,582. This is indicating that an intraday resistance formed near the high yesterday, possibly created by some profit taking after the two-day impulse move higher, meaning we could be vulnerable to an intraday pullback if we remain below USD 2,582. If we move above this level, and breach the USD 2,590 high form the 24/01, then the USD 2,615 and USD 2,675 resistance levels will start to look vulnerable.

Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	16,402	R1	16,470	RSI above 50	Stochastic overbought
S2	16,310	R2			
S3	16,185	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA resistance band (Black EMA's)
- RSI is above 50 (56)
- Stochastic is overbought
- Price is below the daily pivot point USD 16,531
- Unchanged on the technical yesterday, the futures were holding above the EMA resistance band with the MA on the RSI suggesting momentum was supported, implying resistance levels remained vulnerable. We noted that a close on the 4-hour candle below USD 16,278 would warn that the USD 16,203 pivot could be broken, if it was, then we could see an intraday move lower. Momentum was supported; however, we highlighted that the futures were testing the daily EMA resistance band, suggesting caution on moves higher. The futures traded higher on the momentum support, resulting in the USD 16,670 resistance being breached; however, we are seeing some upside rejection with price moving lower on the Asian open. We remain above all key moving averages supported by the RSI above 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle below USD 16,531 with the RSI at or below 52.5 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. Downside moves that hold at or above USD 16,185 will support a near-term bull argument, below this level the USD 15,920 – USD 15,895 support zone will start to look vulnerable.
- Technically bearish with a neutral bias, the probability of the futures trading to a new to low has started to decrease. The MA on the RSI does suggest that momentum is supported at this point; however, price and momentum are conflicting, if it becomes aligned to the sell side, then we could see support levels be tested. We are seeing warning signs that buy side momentum is increasing, but the price is now trading in the daily EMA resistance band, meaning we maintain a cautious view on upside moves at this point.

Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,134	R1	2,136	RSI above 50	
S2	2,118	R2			
S3	2,096	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (55)
- Stochastic is above 50
- Price is below the daily pivot point USD 2,160
- We remained in bearish territory yesterday with price continuing to move higher on the momentum support. The new high on the open meant that the 1-hour RSI was in divergence with price, not a sell signal, it warned that we had the potential to see a momentum slowdown, which would need to be monitored. A close on the 4-hour candle below USD 2,163 would warn that the daily pivot level (USD 2,153) could be tested and broken. The RSI move to a new high on the 22/01 did suggest that support levels should hold if tested in the near-term; however, if we did trade below USD 2,090, then the USD 2,049 fractal support will start to look vulnerable. 4-hour momentum was supported, but due to the 1-hour divergence, we were cautious on intraday upside moves higher. The futures traded to a new high before correcting on the on the negative divergence. We remain above all key moving averages supported by the RSI above 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 2,160 with the RSI at or above 67.5 will mean price and momentum are aligned to the buyside. 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 2,096 will support a near-term bull argument, below this level the USD 2,049 fractal support will start to look vulnerable.
- We remain bearish with the futures now moving lower; as noted yesterday, the RSI high on the 22/01 does warn that support levels could hold in the near-term. If we close on the 4-hour candle above USD 2,152 it will warn that the daily pivot at USD 2,160 could be tested and broken; however, USD 2,165 will also be an area interest (market profile), if we start to trade above this level, it will warn that the USD 2,188 fractal high could be tested and broken. If we reject the USD 2,160 – USD 2,165 resistance zone, then we could see support levels come under pressure.

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