



Base Morning Technical Report

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WARNING—NICKEL

HISTORICAL CHART DATA ON BLOOMBERG IS INCORRECT TODAY, CLEARLY SOME FORM OF BUG THAT SHOULD HOPEFULLY BE RECTIFIED SOON

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Iron ore and copper mostly retreated as a rally fueled by optimism over China's latest stimulus efforts faded.

Industrial metals rose earlier this week as authorities in the world's biggest commodities importer took further steps to try and shore up economic growth. These included a cut in banks' reserve-requirement ratios, a package aimed at stemming the rout in the stock market, and more support for struggling property developers.

On the supply side, the leading iron ore miners are expected to ship 4.4% more of the steel-making ingredient in the first quarter, according to Bernstein. That could put downward pressure on prices, which have surged by more than a third since mid-August. (Bloomberg).

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	8,463	R1	8,527	RSI above 50	Stochastic overbought
S2	8,422	R2			
S3	8,365	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- The RSI above 50 (62)
- Price is below the daily pivot point USD 8,558
- Stochastic is overbought
- Technically, we still were bearish with a neutral bias yesterday, the probability of the futures trading to a new low had now started to decrease, implying the bearish Elliott wave corrective cycle had a greater chance of failing. The MA on the RSI continued to suggest that momentum was supported, whilst the RSI was making new highs, indicating that support levels could hold if tested in the near-term. We were a little weaker on the open, warning that the USD 8,518 pivot level could be tested, as we were trading below short-term averages. We noted that the strong move higher meant we could see a bit of book balancing today, meaning we could see an intraday pullback; however, the impulse move higher previously did warn that support levels should hold, with resistance levels now vulnerable. Having traded to a low of USD 8,529 the futures had another test to the upside, traded to a new high at USD 8,599 and have now started to correct. We are 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 8,558 with the RSI at or above 64.5 will mean price and momentum are aligned to the buy side. Downside moves that hold at or above USD 8,365 will support a near-term bull argument, below this level the USD 8,245 fractal low will start to look vulnerable.
- Technically bearish with a neutral bias, there has been a change in the technical, we thought that the pullback would be perhaps deeper yesterday, before moving higher. However, a shallow pullback was followed by a new high, creating a 5-wave pattern higher and a negative divergence with the RSI. This is warning that the upside move looks to be exhausting, meaning support levels are now vulnerable. Downside moves that hold at or above USD 8,365 will warn that there could be a higher timeframe bullish Elliott wave cycle in play, if broken, the USD 8,245 fractal low could come under pressure. The futures are no longer considered a technical buy at these levels.

Aluminium Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,241	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 (57)
- Stochastic is above 50
- Price is above the daily pivot point USD 2,227
- Technically bearish yesterday, the upside move had failed to hold, resulting in the futures producing a bearish rejection candle two days ago (Pin-bar/shooting star), this had been followed by price moving lower in the Asian day session. The futures were trading below the 200-period MA, warning the technical condition is starting to weaken. We maintained our view that upside moves should be considered as countertrend based on the intraday Elliott wave cycle. The futures held the EMA support band before closing on/above the 200-period Daily MA (USD 2,232). We have opened with light bid support this morning, we remain above the EMA resistance band with the RSI above 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle below USD 2,227 with the RSI at or below 56 will mean price and momentum are aligned to the sell side. Likewise, a close above this level with the RSI at or above 60.5 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 futures are holding above the daily 200 period average at this point. We have a bullish impulse candle being countered by the bearish rejection candle. If we trade above USD 2,068, then resistance levels will be vulnerable; however, the MA and the RSI are both starting to flatten with price and momentum conflicting, warning buyside momentum is slowing down. We remain cautious on upside moves at this point as momentum looks to be weakening.

Zinc Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,582.5	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 (61)
- Stochastic is overbought
- Price is below the daily pivot point USD 2,586
- Technically bearish yesterday, we now had a neutral bias due to the strength of the upside move, the probability of the futures trading to a new low had now started to decrease. The MA on the RSI continues to suggest that momentum was supported, whilst the RSI high warned that support levels could hold if tested. We noted that we were now in a resistance area due to the upside rejection on the 15/01/24, we could also see that a large part of the previous day's session had traded between USD 2,570 – USD 2,590, with the market profile chart showing point of control at USD 2,582. This indicated that an intraday resistance had formed near the high, possibly created by some profit taking after the two-day impulse move higher, meaning we could be vulnerable to an intraday pullback if we remained below USD 2,582. If we moved above this level, and breached the USD 2,590 high from the 24/01, then the USD 2,615 and USD 2,675 resistance levels would start to look vulnerable. The futures did breach the resistance levels but failed to trade above the USD 2,615 high, resulting in price moving lower on the Asian open today. We are above the EMA support band with the RSI above 50, intraday price and momentum are conflicting, as the previous candle closed above the daily pivot level.
- A close on the 4-hour candle below USD 2,586 with the RSI at or below 61 will mean price and momentum are aligned to the sell side; likewise, a close above this level with the RSI at or above 65.5 will mean it is aligned to the buy side. Downside moves that hold at or above USD 2,499 will support a near-term bull argument, below this level the USD 2,445.5 fractal support will start to look vulnerable.
- Technically bearish with a neutral bias, the MA on the RSI is starting to flatten whilst the RSI is starting to cross below its average, warning buy side momentum is slowing. If price and momentum become aligned to the sell side, then support levels will start to look vulnerable. The RSI on the 25/01 does suggest that downside moves have the potential to be countertrend; however, if we trade below USD 2,499, then the USD 2,443 fractal low will start to look vulnerable. The momentum slowdown is warning that we could be about to see an intraday pullback.

Nickel Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	16,402	R1	16,531	16,470	RSI above 50	Stochastic overbought
S2	16,310	R2	16,670			
S3	16,185	R3	16,818			

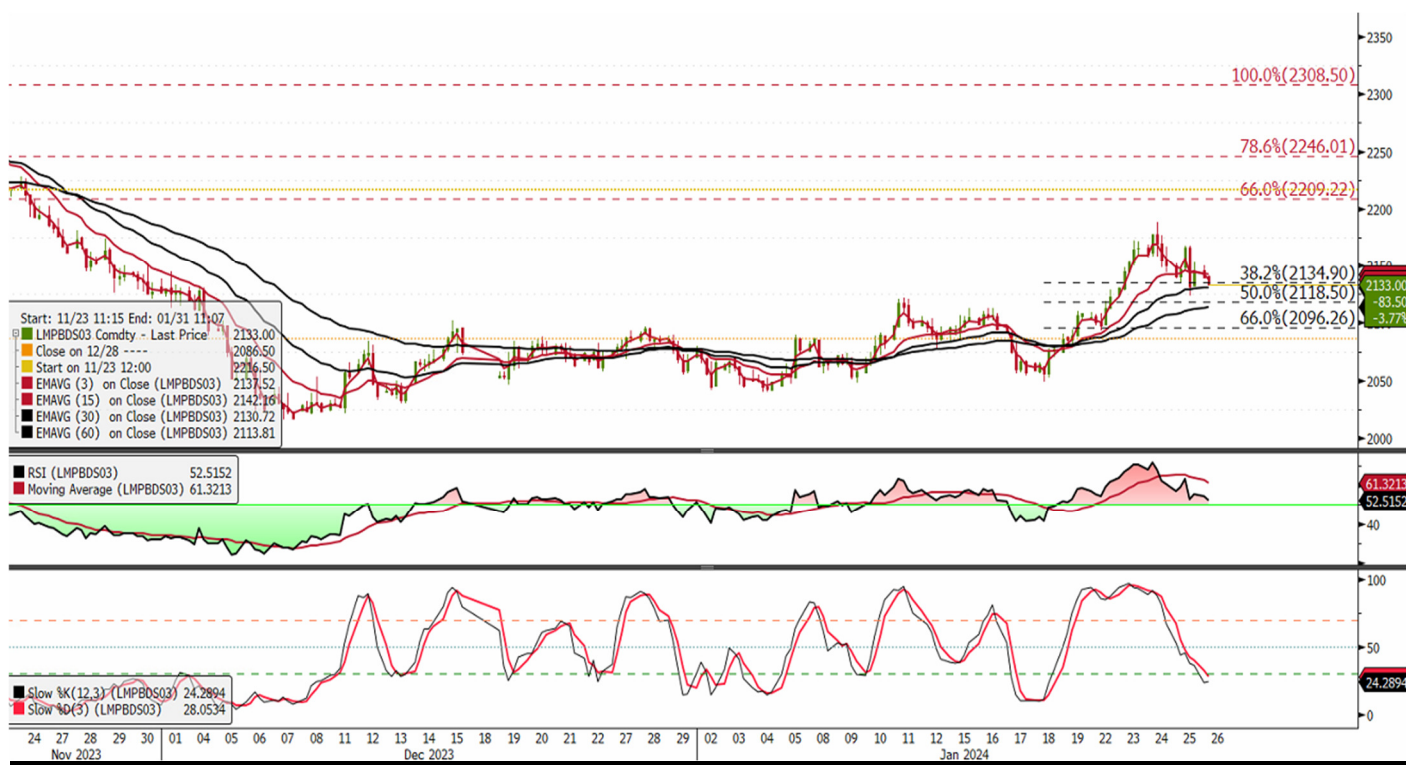
Synopsis - Intraday

Source Bloomberg

The Data is wrong on the chart this morning compared to yesterday. I have no idea why, last time this happened it corrected itself the next day. Just be careful, the high is wrong, meaning the Fibonacci resistance levels are incorrect. There is no point trying to guess the data. Charts attached highlighting the issue. Price action on the open yesterday looks different also.



Lead Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,133	RSI above 50	
S2	R2			
S3	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (51)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,145
- We remained bearish with the futures moving lower yesterday; as noted previously, the RSI high on the 22/01 did warn that support levels could hold in the near-term. If we closed 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. The futures traded to a high of USD 2,168 before correcting lower (note, this was possibly the support holding in the near-term). We are above the EMA support band with the RSI near-neutral at 51, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 2,145 with the RSI at or above 63.5 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.
- Technically bearish, the upside move yesterday has failed to hold with the MA on the RSI now moving lower, implying momentum is weakening. This is warning that support levels are now vulnerable; for this reason, we are cautious on upside moves at this point.

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