



Base Morning Technical Report

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China

The yield on China's 10-year government bond fell to levels unseen since 2002 on mounting bets for the PBOC to ease its policy further to shore up growth.

China 10-year government bond yield falls 1 basis point to 2.48%

Bloomberg Economics projects the PBOC lowering the RRR for major banks by 100 basis points in 2024, including the 50-bp cut that will take effect on Feb. 5. (Bloomberg).

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	8,463	R1	8,544	RSI above 50	
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 (56)
- Price is below the daily pivot point USD 8,546
- Stochastic is above 50
- Technically bullish yesterday with the futures in a corrective phase, the MA on the RSI indicated that momentum was weakening. We highlighted that the shallow pullback and the 5-wave pattern last week meant that the futures were not considered a technical buy. We noted that we were starting to look at the intraday pullback on the 24/01 as perhaps being too shallow to be the corrective Elliott wave 4 that were looking for, meaning it could have been part of a lower timeframe wave extension, making USD 8,365 the key support to follow. If we held above this level, then we had the potential for one more move to the upside within this phase of the cycle. The futures traded to a low of USD 8,472 before finding buy-side support to trade to an intraday high of USD 8,590. Price has sold lower on the Asian open but remains above the EMA support band with the RSI above 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 8,546 with the RSI at or above 60.5 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 bullish, the RSI has rejected its MA on the open, the MA continues to warn of momentum weakness. However, if our interpretation of the intraday Elliott wave cycle is correct, then we have seen a wave 3 extension, meaning downside moves have the potential to be countertrend. If we do trade below USD 8,365, then the probability of the futures trading to a new high will start to decrease, implying that the probability of the bullish wave cycle failing will increase. Intraday Elliott wave analysis suggests that we have a potential upside target at USD 8,690; however, based on the RSI placement, a new high is likely to create a negative divergence with the RSI. Not a sell signal, it is a warning that we have the potential to see a momentum slowdown on a new high, implying caution on upside breakouts.

Aluminium Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	2,176	2,255.5	RSI above 50	
S2	2,147			
S3	2,110			
	R1	2,278		
	R2	2,316		
	R3	2,398		

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (57)
- Stochastic is above 50
- Price is above the daily pivot point USD 2,252
- Technically bearish yesterday, the break in fractal resistance has created a negative divergence with the RSI, resulting in the futures moving lower. The RSI was on its average, but the average continued to warn that upside momentum was weakening; if price and momentum became aligned to the sell side, then support levels could come under pressure. A close below that held below the 200-period MA (USD 2,228) would further weaken the technical; however, if we held above the average, it would warn that we remained in the upside countertrend move. Having traded to a low of USD 2,237, the futures found light bid support before moving sideways for the remainder of the session. We remain above the EMA support band with the RSI above 50, intraday price and momentum are aligned to the sell side, as the previous candle closed below the daily pivot level.
- A close on the 4-hour candle above USD 2,252 with the RSI at or above 60 will mean price and momentum are 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.
- Unchanged on the technical today based on price action moving sideways. The MA on the RSI is now flat, implying momentum is neutral; however, the futures remain above the 200-period EMA (USD 2,228). If we close below and hold below this level, it will warn that support levels are vulnerable. Like yesterday, if we hold above it, then we effectively remain in what looks to be a countertrend move higher. If we do trade above USD 2,316, then the probability of the futures trading to a new low will start to decrease.

Zinc Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,560	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 (52)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,563
- We remain bearish with a neutral bias yesterday, the MA on the RSI was starting to move lower, warning buy-side momentum was beginning to weaken. We noted that USD 2,546 would be an area of interest, as this was the weekly pivot level. If we held above this level, then we still had the potential to move higher, the RSI high on the 25/01 supported this. However, if we closed below this level on the daily candle, it would put price below last week's balance point, meaning we could see the USD 2,525 and USD 2,499 support levels be tested and broken. We traded to a low of USD 2,550 into the close but have found light support on the Asian open. Price is above the EMA support band with the RSI above 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 2,563 with the RSI at or above 60.5 will mean price and momentum are 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, momentum is now conflicting, as the MA on the RSI is implying momentum is weak; however, the RSI is above 50 with the stochastic in oversold territory whilst price is finding support on the EMA band, suggesting we could move higher. If price and momentum become aligned to the buy-side, then we have the potential to see a test to the upside; like yesterday, if the futures move below and close below the weekly pivot level (USD 2,546) on the daily candle, then we could see support levels be tested and broken. We are a little neutral today based on the conflicting momentum, price and momentum will be key to an upside move, whilst the weekly pivot will be key to any move lower.

Nickel Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	16,290	Stochastic oversold	RSI below 50
S2	R2			
S3	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (46)
- Stochastic is oversold
- Price is below the daily pivot point USD 16,483
- My data team are aware of my issues regarding the chart data, hopefully they reached out to Bloomberg yesterday. For now, I will work with what I have in front of me. The futures moved lower yesterday with price opening below the daily pivot point today, meaning price and momentum are aligned to the sell side. The RSI is below 50 with price below the EMA resistance band.
- A close on the 4-hour candle above USD 16,483 with the RSI at or above 57.5 will mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 16,215 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish but in a corrective phase. The MA on the RSI is implying momentum is weak with price below the EMA support band and the weekly pivot's point (USD 16,423). If we maintain these levels and close below the USD 16,423 level, it will warn that the USD 16,215 – USD 15,920 support zone could be tested and broken. Conversely, if we close above the USD 16,423 – USD 16,483 pivot resistance zone, it will imply buyside support based on price. However, momentum is showing signs weakness whilst the daily resistance band is just above us, implying caution on upside moves at this point.

Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,134	R1	2,164	RSI above 50	Stochastic overbought
S2	2,118	R2	2,188		
S3	2,096	R3	2,209		

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (56)
- Stochastic is overbought
- Price is below the daily pivot point USD 2,166
- Unchanged on the technical yesterday, the longer-term Elliott wave cycle continued to suggest that upside moves could be countertrend, making USD 2,209 the key resistance to follow. If broken, then the probability of the futures trading to a new low would start to decrease. The MA on the RSI warned that momentum remained weak; however, the average has started to flatten a little, meaning it is not as weak as it was. We noted that if we did see a move above USD 2,188 than watch the RSI, as it had the potential to diverge. The futures traded to an intraday high of USD 2,176.5 before selling lower on the bull Asian open. We remain above all key moving averages with the RSI above 50, intraday price and momentum continue to conflict.
- A close on the 4-hour candle above USD 2,166 with the RSI at or above 59 will mean price and momentum are aligned to the buy side. Likewise, a close below this level with the RSI at or below 54.5 will mean it is 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 2,096 will support a near-term bull argument, below this level the USD 2,049 fractal support will start to look vulnerable.
- Unchanged on the technical again today. Upside moves are still considered as countertrend based on the Elliott wave cycle; however, a move above USD 2,209 will mean that the probability of the futures trading to a new low will start to decrease. The MA on the RSI is flat, implying momentum is neutral; like yesterday, we remain cautious on upside moves above USD 2,188 as we have the potential to create a negative divergence above this level. Not a sell signal, it is a warning that we could see a momentum slowdown on a new high, suggesting caution on upside breakouts.

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