



Base Morning Technical Report

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

China

China equities will likely be underwhelmed by the January PMI data, which is fairly in line with expectations.

*CHINA JAN. NON-MANUFACTURING PMI 50.7; EST. 50.6

*CHINA JAN. MANUFACTURING PMI 49.2; EST. 49.3

The numbers highlight the urgency for more forceful measures from policymakers. The economy still faces a series of headwinds from the malaise in the property sector, financial risks in rural banks, as well as deflation. All of these will keep equity investors on the sidelines, and seeking solace in the bond markets as expectations of more easing continue to rise. (Bloomberg).

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear	
S1	8,601	R1	8,597	RSI above 50	Stochastic overbought	
S2	8,582	R2				8,649
S3	8,561	R3				8,690

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- The RSI above 50 (58)
- Price is below the daily pivot point USD 8,601
- Stochastic is overbought
- Technically bullish yesterday, the RSI had rejected its MA on the open whilst the MA continued to warn of momentum weakness. However, we noted that if our interpretation of the intraday Elliott wave cycle was correct, then we had seen a wave 3 extension, meaning downside moves had the potential to be counter-trend. If we did trade below USD 8,365, then the probability of the futures trading to a new high would start to decrease, implying that the probability of the bullish wave cycle failing would increase. Intraday Elliott wave analysis suggested that we had a potential upside target at USD 8,690; however, based on the RSI placement, a new high was likely to create a negative divergence with the RSI. Not a sell signal, it warned that we had the potential to see a momentum slowdown on a new high, implying caution on upside breakouts. The wave cycle was correct with the futures trading to a high of USD 8,650 into the close. 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 8,601 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 8,532 will support a near-term bull argument, below this level the technical will have a neutral bias.
- Technically bullish, we now appear to be on an Elliott wave 5 for this phase of the cycle. The MA on the RSI is flat, implying momentum is neutral whilst the RSI is now in divergence. Based on Fibonacci projection levels we have a potential upside target at USD 8,690; however, we maintain a cautious view due to the divergence that is now in play.

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,229	R1	2,263	RSI above 50	
S2	2,176	R2			
S3	2,147	R3			

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 below the daily pivot point USD 2,265
- Unchanged on the technical yesterday based on price action moving sideways. The MA on the RSI was flat, implying momentum was neutral; however, the futures remained above the 200-period EMA (USD 2,228). If we closed below and held below this level, it would warn that support levels were vulnerable. Like yesterday, if we held above it, then we effectively remained in what looked to be a countertrend move higher. If we did trade above USD 2,316, then the probability of the futures trading to a new low would start to decrease. The futures had a small move higher before correcting a little on the Asian open. Price is above all key moving averages with the RSI above 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle below USD 2,265 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.
- The MA on the RSI remains flat with price continuing to hold above the EMA support band. Like yesterday, upside moves look to be countertrend based on our Elliott wave analysis; however, 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	2,544	R1	2,560	RSI above 50	
S2	2,525	R2			
S3	2,499	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (52)
- Stochastic is below 50
- Price is below the daily pivot point USD 2,563
- Technically bearish with a neutral bias yesterday, momentum was conflicting, as the MA on the RSI implied momentum was weak; however, the RSI was 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 became aligned to the buyside, then we had the potential to see a test to the upside; like yesterday, if the futures moved below and closed below the weekly pivot level (USD 2,546) on the daily candle, then we could see support levels be tested and broken. We were a little neutral based on the conflicting momentum, we noted that price and momentum would be key to an upside move, whilst the weekly pivot will be key to any move lower. We are unchanged in price having moved sideways. We remain above the EMA support band with the RSI above 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle above USD 2,563 with the RSI at or above 57.5 will mean price and momentum are aligned to the buyside; likewise, a close below this level will mean it is aligned to the sell 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.
- Unchanged today, the MA on the RSI remains neutral. If price and momentum become aligned to the buyside than resistance could come under pressure. Likewise, if we close below the weekly pivot level (USD 2,546) on the daily candle, then support becomes vulnerable. We continue to have a more neutral bias at this point as momentum is still conflicting.

Nickel Morning Technical (4-hour)



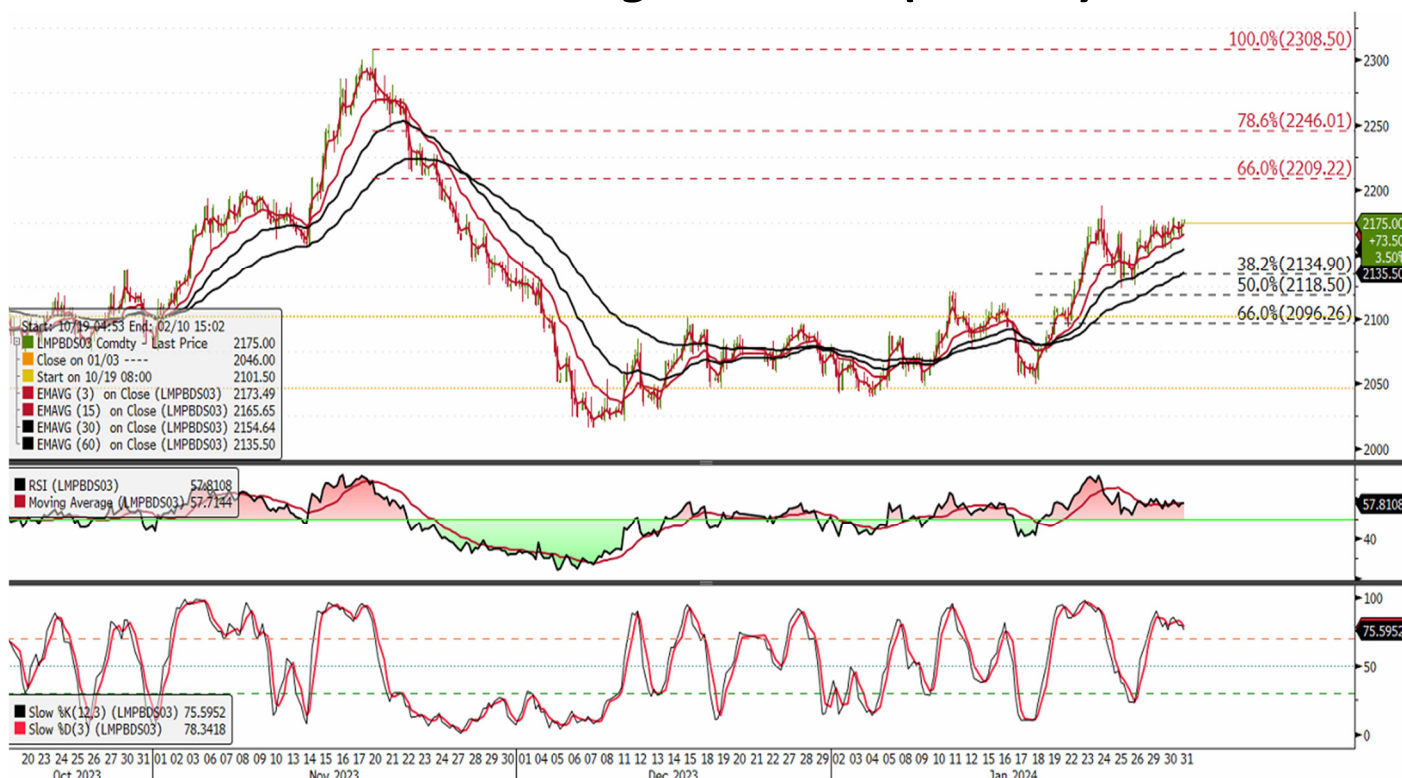
	Support	Resistance	Current Price	Bull	Bear
S1	16,215	R1	16,415		
S2	16,106	R2			
S3	15,920	R3			

Synopsis - Intraday

Source Bloomberg

- Price is between the EMA support band (Black EMA's)
- RSI is below 50 (49)
- Stochastic is below 50
- Price is below the daily pivot point USD 16,448
- Technically bullish but in a corrective phase yesterday. The MA on the RSI implied that momentum was weak with price below the EMA support band and the weekly pivot point (USD 16,423). If we maintained those levels and close below the USD 16,423 level, it would warn that the USD 16,215 – USD 15,920 support zone could be tested and broken. Conversely, if we closed above the USD 16,423 – USD 16,483 pivot resistance zone, it would imply buy-side support based on price. However, momentum was showing signs of weakness whilst the daily resistance band was just above us, implying caution on upside moves. We closed at USD 16,508 but price has seen a small move lower on the open, we are trading between the EMA support band with the RSI neutral at 49.97, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 16,448 with the RSI at or above 53.5 will mean price and momentum are aligned to the buy-side. 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, the MA on the RSI is warning that momentum remains weak with the RSI neutral at 50, price is also trading in the EMA support band. We did close above the weekly pivot level, but it was marginal and intraday price did not have RSI support, we are now trading in the EMA resistance band on the daily chart. For this reason, we maintain a cautious view on upside moves at this point. If we do trade below the USD 16,215 support, then the probability of the futures trading to a new high will start to decrease.

Lead Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,175	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 (57)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,170
- Unchanged on the technical again yesterday. Upside moves were still considered as countertrend based on the Elliott wave cycle; however, a move above USD 2,209 would mean that the probability of the futures trading to a new low would start to decrease. The MA on the RSI was flat, implying momentum was neutral; as previously noted, we remained cautious on upside moves above USD 2,188 as we had the potential to create a negative divergence above this level. Not a sell signal, it warned that we could see a momentum slowdown on a new high, suggesting caution on upside breakouts. We have seen a very small move higher but remain below the USD 2,188 fractal resistance. Price as above all key moving averages with the RSI above 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle below USD 2,170 with the RSI at or below 55.5 will mean price and momentum are aligned to the sell side; likewise, a close above this level with the RSI at or above 60 will mean it is 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, upside moves are still considered as countertrend based on our Elliott wave cycle, above USD 2,188 the futures will be in divergence, meaning we remain cautious above this level at this point. If we do trade above the USD 2,209 resistance, then the probability of the futures trading to a new low will start to decrease.

The information provided in this communication is not intended for retail clients. It is general in nature only and does not constitute advice or an offer to sell, or the solicitation of an offer to purchase any swap or other financial instruments, nor constitute any recommendation on our part. The information has been prepared without considering your investment objectives, financial situation, or knowledge and experience. This material is not a research report and is not intended as such. FIS is not responsible for any trading decisions taken based on this communication. Trading swaps and over-the-counter derivatives, exchange-traded derivatives, and options involve substantial risk and are not suitable for all investors. You are advised to perform an independent investigation to determine whether a transaction is suitable for you. No part of this material may be copied or duplicated in any form by any means or redistributed without our prior written consent. Freight Investor Services Ltd (FIS) is authorised and regulated by the Financial Conduct Authority (FRN: 211452) and is a member of the National Futures Association ("NFA"). Freight Investor Services PTE Ltd ('FIS PTE') is a private limited company, incorporated and registered in Singapore with company number 200603922G, and has subsidiary offices in India and Shanghai. Freight Investor Solutions DMCC ('FIS DMCC') is a private limited company, incorporated and registered in Dubai with company number DMCC1225. Further information about FIS including the location of its offices can be found on our website at freightinvestorservices.com