



Base Morning Technical Report

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China

Caixin Media and IHS Markit release China's January manufacturing purchasing managers' index.

Index unchanged at 50.8 from Dec.; Year ago 49.2

Third consecutive month of expansion

Output falls to 52.2 vs 52.3 in Dec.

Third consecutive month of expansion

New orders fall vs prior month

Lowest reading since Oct. 2023 (Bloomberg).

Metals

Base metals declined after the Federal Reserve pushed back on interest-rate cut expectations and as investors weighed the demand outlook in top consumer China before the Lunar New Year holiday this month.

The US central bank held interest rates steady for a fourth straight meeting. While Fed Chair Jerome Powell did signal an openness to monetary easing, he said "I don't think it's likely" that the Open Market Committee will be confident inflation is moving sustainably toward 2% by next month's meeting.

"The macro fundamentals have returned to neutral with tempered expectations for US rate cuts combining with frequent roll-outs of domestic measures for China's economy," Holly Futures Co. wrote in a note. "Still, overseas copper demand is weak and China is entering an off-peak season. Price volatility could continue before the Lunar New Year holiday."

The world's second-largest economy has been struggling to regain momentum even after the government introduced some stimulus measures. Manufacturing activity usually slows ahead of the week-long holiday, while the metals-intensive property sector is still mired in a prolonged slump.

Industrial metals have had a soft start to the year, with aluminum on the London Metal Exchange dropping 4.4% in January, the biggest monthly loss in eight months. Zinc also tumbled 4.9% last month, while copper gained just 0.6%.

On Thursday, copper slipped 0.3% to \$8,584.50 a ton as of 10:46 a.m. Singapore time, while aluminum and zinc dropped at least 0.6%. Iron ore futures in Singapore rose 0.7% to \$130.65 a ton, after posting a 7.4% loss in January.

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	8,551	R1	8,552	RSI above 50	
S2	8,521	R2			
S3	8,472	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- The RSI above 50 (52)
- Price is below the daily pivot point USD 8,636
- Stochastic is above 50
- Technically bullish yesterday, we appeared to be on an Elliott wave 5 for this phase of the cycle. The MA on the RSI was flat, implying momentum was neutral whilst the RSI was in divergence. Based on Fibonacci projection levels indicated that we had a potential upside target at USD 8,690; however, we maintained a cautious view due to the divergence that is now in play. The futures traded to a high of USD 8,704.5 before entering a corrective phase. 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 8,636 with the RSI at or above 61 will mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 8,551 will support a near-term bull argument, below this level the technical will have a neutral bias.
- Technically bullish, having achieved our upside target the futures have entered a corrective phase with price now testing key support, if broken, then the probability of the futures trading to a new high will start to decrease. We maintain a cautious view on upside moves as the upside wave cycle looks to have completed, implying support levels could be tested and broken.

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,237	R1	2,256.5	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 (53)
- Stochastic is above 50
- Price is below the daily pivot point USD 2,281
- The MA on the RSI remained flat yesterday with price continuing to hold above the EMA support band. As previously noted, upside moves look to be countertrend based on our Elliott wave analysis; however, 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 traded to a high of USD 2,297 before correcting in the Asia day session. We remain 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 2,281 with the RSI at or above 60.5 will mean price and momentum are 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 MA on the RSI remains flat, meaning momentum is still neutral. However, we have highlighted a 3-peak pattern in quick succession with price breaking a minor fractal at USD 2,261. This can be a warning sign that the market is exhausting (not always), suggesting market buyers should be cautious on upside moves, as the pattern is suggesting that support levels are starting to look vulnerable.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,479	R1	2,496	Stochastic oversold	RSI below 50
S2	2,445	R2			
S3	2,402	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (37)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,539
- Unchanged yesterday, the MA on the RSI remained neutral. If price and momentum became aligned to the buy side than resistance could come under pressure. Likewise, if we closed below the weekly pivot level (USD 2,546) on the daily candle, then support would become vulnerable. We continued to have a more neutral bias as momentum were still conflicting. Price and momentum became aligned to the sell side with the futures closing the day below the weekly pivot level, resulting in price selling lower in the Asian day session. We are now below the EMA support band with the RSI below 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 2,539 with the RSI at or above 52.5 will mean price and momentum are aligned to the buy side. Upside moves that fail at or below USD 2,568 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, as price has traded below the USD 2,499 level and closed below the weekly pivot support. The MA on the RSI is moving lower, implying momentum is weakening. The technical is suggesting that support levels are vulnerable whilst the RSI low is indicating that resistance levels should in theory hold if tested.

Nickel Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	16,120	R1	16,318	16,180	Stochastic oversold	RSI below 50
S2	16,005	R2	16,399			
S3	15,895	R3	16,475			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (45)
- Stochastic is oversold
- Price is below the daily pivot point USD 16,318
- Technically bullish yesterday, the MA on the RSI warned that momentum remained weak with the RSI neutral at 50, price was 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 were trading in the EMA resistance band on the daily chart. For this reason, we maintained a cautious view on upside moves. If we did trade below the USD 16,215 support, then the probability of the futures trading to a new high would start to decrease. The futures continued to sell lower on the back of the weak momentum, resulting in key support being broken. We are below all key moving averages supported by the RSI below 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 16,318 with the RSI at or above 50.5 will mean price and momentum are aligned to the buy side. Upside moves that fail at or below USD 16,577 will leave the futures vulnerable to further tests to the downside, above this level the USD 16,795 fractal high will start to look vulnerable.
- Technically bullish with a neutral bias, the probability of the futures trading to a new high has started to decrease. The MA on the RSI continues to warn of momentum weakness with price having closed below the weekly pivot point having rejected the EMA resistance band. We remain cautious on upside moves as the technical would suggest that support levels are vulnerable.

Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,134	R1	2,151	Stochastic oversold	
S2	2,118	R2			
S3	2,096	R3			

Synopsis - Intraday

Source Bloomberg

- Price is between the EMA support band (Black EMA's)
- RSI is above 50 (50)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,162
- Technically bearish yesterday with upside moves still considered as countertrend based on our Elliott wave cycle, above USD 2,188 the futures would be in divergence, meaning we remained cautious above this level at this point. If we did trade above the USD 2,209 resistance, then the probability of the futures trading to a new low would start to decrease. The futures have seen a small move lower with price trading in the EMA support band with the RSI neutral at 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 2,162 with the RSI at or above 58 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 with upside moves considered as countertrend, the futures are at a bit of an inflection point as price is in the EMA support band whilst the RSI is neutral at 50. Momentum is conflicting as the stochastic is oversold, if the RSI can hold above 50 then we could be vulnerable to a move higher, below 50 the stochastic is considered as less relevant. Countering this, the MA on the RSI is warning that momentum is weakening. The futures are now in balance, meaning we have more of a neutral view at this point until directional bias is established.

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