



Base Morning Technical Report

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Cu

Chinese copper smelters are facing a collapse in margins after processing fees plunged to their lowest in more than a decade and plants fail to respond by cutting enough output.

Spot treatment charges to turn concentrate into refined metal have slumped to \$19.80 a ton, according to Fastmarkets, as smelters step up purchases to replenish stockpiles following the Lunar New Year break. That's a record low in data going back to 2013. The fees dropped to single digits in 2010 after the global financial crisis forced miners to curtail operations, according to Wood Mackenzie Ltd. (Bloomberg).

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	8,447	R1	8,484	RSI above 50	
S2	8,398	R2			
S3	8,331	R3			

Synopsis - Intraday

Source Bloomberg

- Price is between the EMA support band (Black EMA's)
- The RSI above 50 (51)
- Price is above the daily pivot point USD 8,479
- Stochastic is oversold
- Technically bullish yesterday, the futures looked to be in an Elliott wave 4, implying the current move lower looked to be countertrend, making USD 8,331 the key support to follow. Below this level the probability of the futures trading at a new high would start to decrease. A close below USD 8,524 on the daily chart (weekly pivot), will warn that USD 8,447 – USD 8,398 Fibonacci support zone could come under pressure in the near-term. The futures traded to a low of USD 8,444 before finding light bid support on the Asian open. Price is between 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 8,479 with the RSI at or above 59 will mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 8,331 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish but in a corrective phase, momentum indicators are now conflicting, as the MA on the RSI is indicating it is weak; however, the RSI is above 50 with the stochastic in overbought territory, implying we could move higher providing the RSI holds above 50. Based on the intraday Elliott wave cycle the move lower looks to be countertrend, meaning market bulls will need to see price and momentum become aligned to the buyside, if we do, then resistance levels will start to look vulnerable. If we close back above the weekly pivot level (USD 8,524) it will further support a bull argument.

Aluminium Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	2,184	2,196	Stochastic oversold	RSI below 50
S2	2,175			
S3	2,146			
	R1	2,209		
	R2	2,236		
	R3	2,269		

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (47)
- Stochastic is oversold
- Price is above the daily pivot point USD 2,184
- Technically bearish yesterday, we noted that it looked like the higher timeframe Elliott wave cycle was back in play, warning we had the potential to test the USD 2,152 fractal low for this phase of the cycle. However, after last week's move higher on the back of US sanctions, it did mean that the lower timeframe Elliott wave cycle was a little unclear (it's a total mess), as the futures were in divergence with the RSI. This is not a buy signal, but it is a warning that we could see a momentum slowdown, suggesting caution on moves lower. This technical was conflicting, meaning we have a more neutral view. The futures have found light bid support on the back of the divergence, we remain below the EMA resistance band with the RSI below 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 2,184 with the RSI at or below 41 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 2,236 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, as noted yesterday the intraday Elliott wave cycle is very unclear at this point. We are finding bid support on the positive divergence with the RSI, meaning we have a cautious view on downside moves at this point. If we close above the weekly pivot level on the daily chart (USD 2,209), it will imply that momentum based on price is increasing, warning that USD 2,236 resistance could be tested and broken. If it is, 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	2,419	R1	2,438.5	RSI above 50	Stochastic overbought
S2	2,377	R2			
S3	2,358	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 above the daily pivot point USD 2,419
- Unchanged on the technical again yesterday, we remained cautious on upside moves, as above USD 2,419, as the futures would be back in divergence with the RSI. Not a sell signal, it warned that we could see a momentum slowdown. The MA on the RSI remained flat as did the EMA resistance band, implying a lack of directional bias. If we closed on the daily chart below USD 2,398 (weekly pivot level), it will warn that momentum based on price is starting to weaken, meaning support levels could come under pressure. The futures moved higher yesterday and on the Asian open, meaning price is above the EMA support band (the averages have crossed), the RSI is above 50 with intraday price and momentum aligned to the buyside.
- A close on the 4-hour candle below USD 2,419 with the RSI at or below 54 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 2,494 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. Downside moves that hold at or above USD 2,332 will support a near-term bull argument, below this level the USD 2,278 fractal low will start to look vulnerable.
- Technically bearish with upside moves considered as countertrend based on the Elliott wave cycle, the move higher yesterday has resulted in the 4-hour divergence with the RSI failing; however, the 1-and-2-hour timeframes remain in divergence. The MA on the RSI is showing light momentum support, as it is just starting to turn higher. The futures are above the daily and weekly pivot levels, meaning momentum based on price is warning we could move higher. A conflicting technical, the RSI divergences suggest caution, but price has bull support due to the pivot levels and the MA on the RSI. In the near term we are still vulnerable to a move higher; however, we continue to have a note of caution due to the lower timeframe divergences.

Nickel Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	17,240	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 (59)
- Stochastic is oversold
- Price is above the daily pivot point USD 17,221
- Technically bullish with price in a corrective phase yesterday. Based on the RSI making a new high last week we maintained our view that the move lower looked like it could be against the trend, making USD 16,675 the key support to follow. If broken, then the probability of the futures trading to a new high will start to decrease. The weekly pivot was at USD 17,101, if we closed below this level on the daily chart, it would warn that Fibonacci support levels could come under pressure in the near-term. The futures sold lower but closed above the weekly pivot level (closed USD 17,196), resulting in price finding bid support on the Asian open. We are 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 17,221 with the RSI at or above 69 will mean price and momentum are aligned to the buyside. Downside moves that hold at or below USD 16,675 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish with downside moves continuing to look like they could be countertrend. The MA on RSI is warning of momentum weakness, but the RSI is above 50 with the stochastic in oversold territory, meaning we have a conflict, as it also suggests that it could move higher. Having held above the EMA support band, weekly pivot level, and Fibonacci support zone, we are seeing warning signs that we have support at lower levels. Market bulls will now want to see price and momentum become aligned to the buyside, if we do, then resistance levels could be tested and broken. If however, we close below the weekly pivot level, market bulls will need to be cautious as the balance will becoming more bearish, warning that the USD 16,675 support could come under pressure.

Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,093	R1	2,105	RSI above 50	Stochastic overbought
S2	2,076	R2			
S3	2,056	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (60)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,093
- Technically bearish yesterday, the futures were moving lower on a lower timeframe negative divergence with the RSI, warning support levels could come under pressure. For this reason, we remained cautious on upside moves at this point. The futures traded to a low of USD 2,080 before finding bid support, we have also moved higher on the Asian open. We are above the EMA support band with the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 2,093 with the RSI at or below 56 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 2,116 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 2,055 will support a near-term bull argument, if broken the USD 2,031 support will start to look vulnerable.
- Technically bearish still, the futures have moved higher but remain in divergence on the lower timeframe, meaning we remain cautious on upside moves. However, the downside move yesterday did hold above the weekly pivot level (USD 2,077), implying there is buyside support in the market. We are conflicting, the intraday Elliott wave cycle continues to warn that the upside move is countertrend; the divergences suggest caution, but we are countered by price being above the daily/weekly pivot points, which suggest we could move higher. We are neutral, as the futures are not a technical buy at these levels, but are supported, meaning they would need to move lower to suggest they are a technical sell.

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