



# Base Morning Technical Report

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## China

China's export growth accelerated in May amid heightening trade frictions, fuelled by surging demand from Southeast Asia and a lower base effect, while its trade surplus also widened from April.

Exports rose by 7.6 per cent from a year earlier to US\$302.4 billion in May, the highest monthly export value since September, according to customs data released on Friday, offering Beijing a promising path toward its annual growth target.

The reading beat the expected increase of 6.35 per cent surveyed by Chinese financial data provider Wind, and was also better than the increase of 1.5 per cent in April. (Bloomberg).

# Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	9,970	R1	10,238		RSI below 50
S2	9,877	R2	10,334	10,108	
S3	9,798	R3	10,448		

## Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- The RSI below 50 (47)
- Stochastic is overbought
- Price is above the daily pivot point USD 10,099
- Technically bearish yesterday, the MA on the RSI indicated that momentum was neutral with price approaching key resistance (USD 10,109). If broken, then the probability of the futures trading to a new low would start to decrease. The bid support was on the back of the 1-hour positive divergence, with lower timeframe Elliott wave analysis producing a five-wave pattern lower, warning that resistance levels could be tested and broken. We maintained a cautious view on downside moves at these levels.
- The futures traded to a high of USD 10,186 before seeing a small move lower in the Asian day session. We are below the EMA resistance band with the RSI below 50, intraday price and momentum are conflicting, as the previous candle closed below the daily pivot level.
- A close on the 4-hour candle below USD 10,099 with the RSI at or below 39 will mean price and momentum are aligned to the sell side; likewise, a close above this level will mean it is aligned to the buy side. Downside moves that hold at or above USD 9,970 will support a near-term bull argument, below this level the USD 9,860 fractal low will start to look vulnerable.
- Technically bearish, the move above the USD 10,109 resistance means we now have a neutral bias, the probability of the futures trading to a new low has started to decrease. Momentum is conflicting, as the MA on the RSI would suggest that it is supported; however, the RSI is below 50 whilst the stochastic is below 50. If the RSI holds below 50 then the futures are vulnerable to a test to the downside, above 50 the stochastic is considered as less relevant. We do have a small rejection candle in the EMA resistance band warning that we could see an intraday move lower, making USD 9,970 the key support to follow. If we trade above USD 10,186 (the high of the rejection candle), it suggests that the USD 10,238 fractal resistance could be tested and broken, above this level the intraday technical is bullish. If we close above this level, price will be above the high of the last dominant bear candle on the daily chart, further supporting a bullish argument. Note, the daily chart has opened above the trend resistance line (USD 10,080), market bull will want to see price hold and close above this level. Based on intraday Elliott wave analysis, we remain cautious on downside moves at this point.

# Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,631	R1	2,647		RSI below 50
S2	2,586	R2			
S3	2,549	R3			

Source Bloomberg

## Synopsis - Intraday

- Price is below the EMA Support band (Black EMA's)
- RSI is below 50 (47)
- Stochastic is above 50
- Price is above/on the daily pivot point USD 2,650
- Technically bullish with a neutral bias yesterday, the futures had found light bid support on the 1-hour divergence. However, as noted previously, we looked like we could be in a higher timeframe corrective Elliott wave 4 (still not confirmed). If this was the case, then upside moves had the potential to be countertrend (the deep pullback and weekly rejection candles support this), making USD 2,736 the key resistance to follow. If broken, then the probability of the futures trading to a new low would start to decrease (implying we could see upside wave extension within the existing trend). We remained cautious on downside breakouts below USD 2,615 because they could struggle to hold. However, the higher timeframe correction (wave 4) was still not confirmed, warning we could have one more test to the downside before entering the countertrend (upside) Elliott wave B.
- The futures traded to a high of USD 2,673 but soon retraced to yesterday's levels, where we remain. Price is below the EMA support band with the RSI below 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle below USD 2,650 with the RSI at or below 43.5 will mean price and momentum are aligned to the sell side; likewise, a close above this level will mean it is aligned to the buy side. Upside moves that fail at or below USD 2,736 will leave the futures vulnerable to further tests to the downside, above this level the USD 2,799 fractal resistance will start to look vulnerable.
- Unchanged on the technical today, we remain bullish with a neutral bias having found support off the lower timeframe divergence. We are still looking for confirmation that this is a higher timeframe corrective wave 4. If it is, then an upside move has the potential to be a countertrend wave B, making USD 2,736 the key resistance to follow. If broken, the probability of the futures trading to a new low will start to decrease (implying we could see upside wave extension within the existing trend). We remain cautious on downside breakouts below USD 2,615 because they could struggle to hold. However, the higher timeframe correction (wave 4) is still not confirmed, warning we could have one more test to the downside before entering the countertrend (upside) Elliott wave B.

# Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,906	R1	2,925		RSI below 50
S2	2,849	R2			
S3	2,758	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (43)
- Stochastic is above 50
- Price is above the daily pivot point USD 2,906
- Technically bearish yesterday, we looked to be in a higher timeframe corrective wave 4. The lower timeframe wave cycle was clearer yesterday (setting myself up here) suggesting intraday upside moves had the potential to be countertrend in the near-term. If we did trade above the USD 3,049 resistance, then it would warn that the downside corrective phase had completed.
- We have seen a very small move higher with price continuing to test but remaining on the 200-period MA (2,922). We are 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 2,906 with the RSI at or below 36 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 3,049 will leave the futures vulnerable to further tests to the downside.
- Unchanged on the technical this morning, we remain bearish in what looks to be a higher timeframe corrective Elliot wave 4, implying intraday upside moves look like they will be countertrend. If we do trade above the USD 3,049 resistance, then it will warn that the downside corrective phase has completed.

# Nickel Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	18,600	Stochastic oversold	RSI below 50
S2	R2			
S3	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (34)
- Stochastic is oversold
- Price is above the daily pivot point USD 18,520
- Bearish based on price yesterday, the move below USD 18,308 previously warned that the probability of the futures trading to a new high within this phase of the cycle had started to decrease. The Elliott wave cycle was bullish but had a neutral bias. Lower timeframe wave analysis (on the corrective move lower) warned that upside moves had the potential to be countertrend in the near-term, making USD 19,896 the key resistance to follow. Above this level the Elliott wave cycle would be back in bullish territory.
- The futures had another small test to the downside but failed to make a new low, resulting in price trading back at the previous days levels. We remain below all key moving averages with the RSI below 50, intraday price and momentum are now aligned to the buyside.
- A close on the 4-hour candle below USD 18,520 with the RSI at or below 28 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 19,896 will leave the futures vulnerable to further tests to the downside.
- A bit of a theme today, we are unchanged on the technical. We remain bearish based on price; the depth of the pull-back is warning that the probability of the futures trading to a new high within this phase of the cycle has started to decrease. The Elliott wave cycle is bullish but with a neutral bias. We maintain our view based on lower timeframe Elliott wave analysis that upside moves look like they could be countertrend at this point.

# Lead Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,235		RSI below 50
S2	R2			
S3	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (41)
- Stochastic is below 50
- Price is below the daily pivot point USD 2,242
- Technically bearish yesterday, the MA on the RSI implied that momentum was weak. The upside move had created a bullish engulfing pattern, resulting in the futures testing the base support of the box (resistance). We had a Doji candle (indecision) with price starting to move lower; we noted that in theory we should have one more test to the downside, but the strong engulfing pattern implied caution. A more neutral view yesterday due to the intraday price action conflicting.
- The futures had a second test to the upside but rejected the base of the resistance box highlighted. We are below the EMA resistance band with the RSI below 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle below USD 2,242 with the RSI at or below 38 will mean price and momentum are aligned to the sell side; likewise, a close above this level will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 2,278 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Like I said, there is a theme. Unchanged on the technical today, the MA on the RSI is starting to flatten with the RSI above its average. The futures have rejected the resistance box for a second time; however, price is at yesterday's levels still. As noted previously, in theory we should have one more test to the downside, but the strong engulfing pattern implies caution. Meaning we have a more neutral view due to the intraday price action conflicting.

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