



Base Morning Technical Report

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

Cu

Copper dropped to near the lowest level in more than a month as investors weighed muted purchases from Chinese fabricators even after a pullback in prices.

The decline followed a gain of 1.4% on Monday on expectations that heavy losses in the past three weeks would tempt some buyers to make an opportunistic return to the market. The industrial metal hit a record above \$11,100 a ton last month on prospects for tightening global supplies.

Chinese fabricators view current copper prices as too high, even though there have been some purchases to meet immediate orders that couldn't wait, said Fan Rui, an analyst with Guoyuan Futures Co.

Manufacturers of copper products in China, the biggest user of the refined metal, are finding it hard to pass on costs to customers. In a sign of weak demand, copper inventories on the Shanghai Futures Exchange have climbed to the highest in more than four years as imports continue to flow in.

Copper fell 0.6% to \$9,839 a ton on the London Metal Exchange as of 11:40 a.m. Other metals were mixed with nickel rising 1.3% to \$18,130 a ton. (Bloomberg)

Al

Aluminum stocks at London Metal Exchange warehouses saw their largest daily inflow in early May, driven by deliveries into Malaysian warehouses by large metals trader including Trafigura. By the end of May, total aluminum inventories rose 128% on the month. (Bloomberg)

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	9,845	R1	9,849	Stochastic oversold	RSI below 50
S2	9,790	R2			
S3	9,654	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- The RSI below 50 (40)
- Stochastic is oversold
- Price is below the daily pivot point USD 9,845
- Technically bearish yesterday, the futures had sold to new lows, the MA on the RSI was flat, implying momentum is neutral; however, the RSI was holding support, meaning we had a minor positive divergence in play. Not a buy signal, it warned that we could see a momentum slowdown which would need to be monitored. We were trading on a daily trend support line (USD 9,766); if we closed below and held below the support, it would warn that we could be looking at an Elliott wave extension to the downside, indicating the USD 9,567 support could come under pressure. If support held, then market sellers should act with caution, as it would imply that market bulls were defending the support line. A cautious bear yesterday due to the trend support line and intraday divergence.
- The RSI and trend support both held, resulting in the futures trading to a high of USD 9,941 on the Asian open; however, price has since seen some light selling pressure. We remain below the EMA resistance band with the RSI below 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle above USD 9,845 with the RSI at or above 43 will mean price and momentum are aligned to the buy side; likewise, a close below this level with the RSI at or below 38.5 will mean it is aligned to the sell side. Upside moves that fail at or below USD 10,041 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 9,567 will support a longer-term bull argument, if broken, then the higher timeframe Elliott wave cycle will have a neutral bias.
- Technically bearish, the MA on the RSI is warning that we continue to see light momentum weakness, meaning there is a chance that the trend support (USD 9,790) could see another intraday test. A close below that holds below this level will further weaken the technical. However, like yesterday, we maintain a note of caution on downside moves due to the divergence and support line, as there was evidence of buy side defense.

Aluminium Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	2,549	2,563	Stochastic oversold	RSI below 50
S2	2,529			
S3	2,505			
	R1	2,573		
	R2	2,597		
	R3	2,600		

Source Bloomberg

Synopsis - Intraday

- Price is below the EMA Resistance band (Black EMA's)
- RSI is below 50 (36)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,573
- Technically bearish yesterday, the downside move had confirmed that we were in the higher timeframe Elliott wave 4, it is also implied that we are seeing a downside Elliott wave extension within the initial corrective wave A, meaning upside moves should be considered as against the near-term trend. The futures were testing the base of the support band, but the MA on the RSI warned that momentum was weak, implying Fibonacci resistance levels could hold if tested.
- The futures have moved sideways within the support band highlighted. We remain below all key moving averages with the RSI below 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 2,573 with the RSI at or above 41.5 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 2,631 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, the MA on the RSI is implying that momentum remains weak at this point, whilst lower timeframe Elliott wave analysis would suggest that we have the potential for one more test to the downside within this phase of the cycle. However, below USD 2,550 the futures will be divergence with the RSI, implying caution on downside breakouts.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,815	R1	2,864	2,837	RSI below 50
S2	2,758	R2	2,888		
S3	2,675	R3	2,930		

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (40)
- Stochastic is at 50
- Price is above the daily pivot point USD 2,815
- Technically bearish yesterday, the MA on the RSI warned that momentum remained weak, whilst the RSI was making new lows. This suggested that upside moves look like they would be countertrend, making USD 2,864 the key resistance to follow. If we did trade below the USD 2,672 level, it would warn that the higher timeframe Elliott wave cycle is neutral.
- The futures have seen a move higher with the futures trading up to but remaining below the USD 2,864 resistance. We are below all key moving averages with the RSI below 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 2,815 with the RSI at or below 34 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 2,864 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, the MA on the RSI is implying that momentum is neutral. We have traded to a high of USD 2,863 with the futures producing a small-bodied candle, implying buyside pressure has slowed in the Asian day session. However, we are yet to see a verified rejection of the key resistance level (USD 2,864); if broken, then the probability of the futures trading to a new low will start to decrease. A close on the 4-hour candle below USD 2,813.5 will be below the low of the last dominant bull candle (and the daily pivot), warning that sell side pressure is increasing, at this point, support levels will start to look vulnerable. Intraday Elliott wave analysis does suggest that the upside move looks to be countertrend; however, we are dangerously close to key resistance and need to see bearish price action to avoid the technical becoming neutral.

Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	17,731	R1	18,050	Stochastic oversold	RSI below 50
S2	17,435	R2			
S3	17,138	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (32)
- Stochastic is oversold
- Price is above/on the daily pivot point USD 18,040
- Technically bearish yesterday, the MA on the RSI was flat, implying sell side momentum was slowing. The RSI was in divergence with price, not a buy signal, it warned that we could see a momentum slowdown. Upside moves above USD 18,690 would mean the intraday technical was bullish based on price, making USD 20,428 the key resistance to follow. If rejected, it would warn that there is a larger, bearish Elliott wave cycle in play.
- The futures have moved sideways with price within USD 5.00 of yesterday's values. We remain below all key moving averages supported by the RSI below 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle below USD 18,040 with the RSI at or below 29.5 will mean price and momentum are aligned to the sell side; likewise, a close above this level with the RSI at or above 34 will mean it is aligned to the buy side. Upside moves that fail at or below USD 18,488 will leave the futures vulnerable to further tests to the downside.
- Technically bearish, the MA on the RSI is implying we are seeing light momentum support. The futures are starting to form a base on the back of the positive divergence with the RSI, implying caution on downside breakouts below USD 17,860, as they may struggle to hold. Key longer-term resistance is at 20,428, upside moves that fail at or below this level will warn that there is a larger, bearish Elliott wave cycle in play.

Lead Mornina Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,202	R1	2,211	Stochastic oversold	RSI below 50
S2	2,168	R2			
S3	2,143	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (41)
- Stochastic is oversold
- Price is above the daily pivot point USD 2,202
- Technically bearish yesterday, the RSI was testing support whilst the MA on the RSI was flat, implying sell side momentum was slowing down. The Elliott wave cycle was in divergence with the RSI on a lower timeframe (81 min candle), suggesting caution on downside moves. If the divergence failed, it would imply that we are looking at a wave extension to the downside.
- Th divergence held, resulting in the futures moving higher. We remain below all key moving averages with the RSI below 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 2,202 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 2,232 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, the futures have moved higher on the back of the divergence highlighted yesterday. The upside move into the close has seen a four-hour candle close above the previous 5 candles, indicating buyside support in the market, warning that USD 2,232 resistance could be tested and broken.

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