



# Base Morning Technical Report

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Zinc climbed to the highest level in more than three weeks on speculation over Chinese production cuts, joining a broad advance for base metals ahead of important US inflation data.

Copper, aluminum and nickel also rose before the release later Friday of the Federal Reserve's preferred gauge of underlying inflation. A low reading could benefit industrial commodities by paving the way for the US central bank to start cutting interest rates.

Metals have wavered in recent days — during a major London Metal Exchange event in Hong Kong — as traders mull an uncertain demand outlook marked by tepid global growth. Still, the LME Index of six base metals is on track for a fourth quarterly advance.

Zinc has stood out with a gain of more than 4% this week, the third straight weekly increase, amid expectations that smelters in China, the world's top producer, will cut output. The processors are facing losses after a slump in fees for turning concentrate into metal.

Curtailments are likely next quarter and zinc will outperform other metals in the coming three months, Yinan Ruan, trading director at Jinli Industrial International Pte, said this week at the LME seminar in Hong Kong.

Zinc gained 1% to \$2,958.50 a ton by 12:34 p.m. in Shanghai. Copper and aluminum rose about 0.5%, while iron ore futures in Singapore were up 0.8%. (Bloomberg).

# Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	9,536	R1	9,585.5		RSI below 50
S2	9,486	R2			
S3	9,362	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- The RSI below 50 (45)
- Stochastic is below 50
- Price is above the daily pivot point USD 9,536
- Technically bearish on the last report, the move below USD 9,567 meant that the longer-term Elliott wave cycle had a neutral bias. The MA on the RSI indicated that momentum remained weak; however, the futures were now in divergence with the RSI, not a buy signal, it warned that we could see a momentum slowdown which would need to be monitored. A cautious bear whilst the divergence is in play.
- The futures are starting to consolidate with price remaining below the EMA resistance band. The RSI is below 50 with price and momentum aligned to the buyside.
- A close on the 4-hour candle below USD 9,536 with the RSI at or below 39 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 9,751 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 are finding light momentum support on the back of the positive divergence with the RSI. If we trade above USD 9,751, then the probability of the futures trading to a new low will start to decrease. We remain cautious on downside moves at these levels due to the divergence in play.

# Aluminium Morning Technical (4-hour)



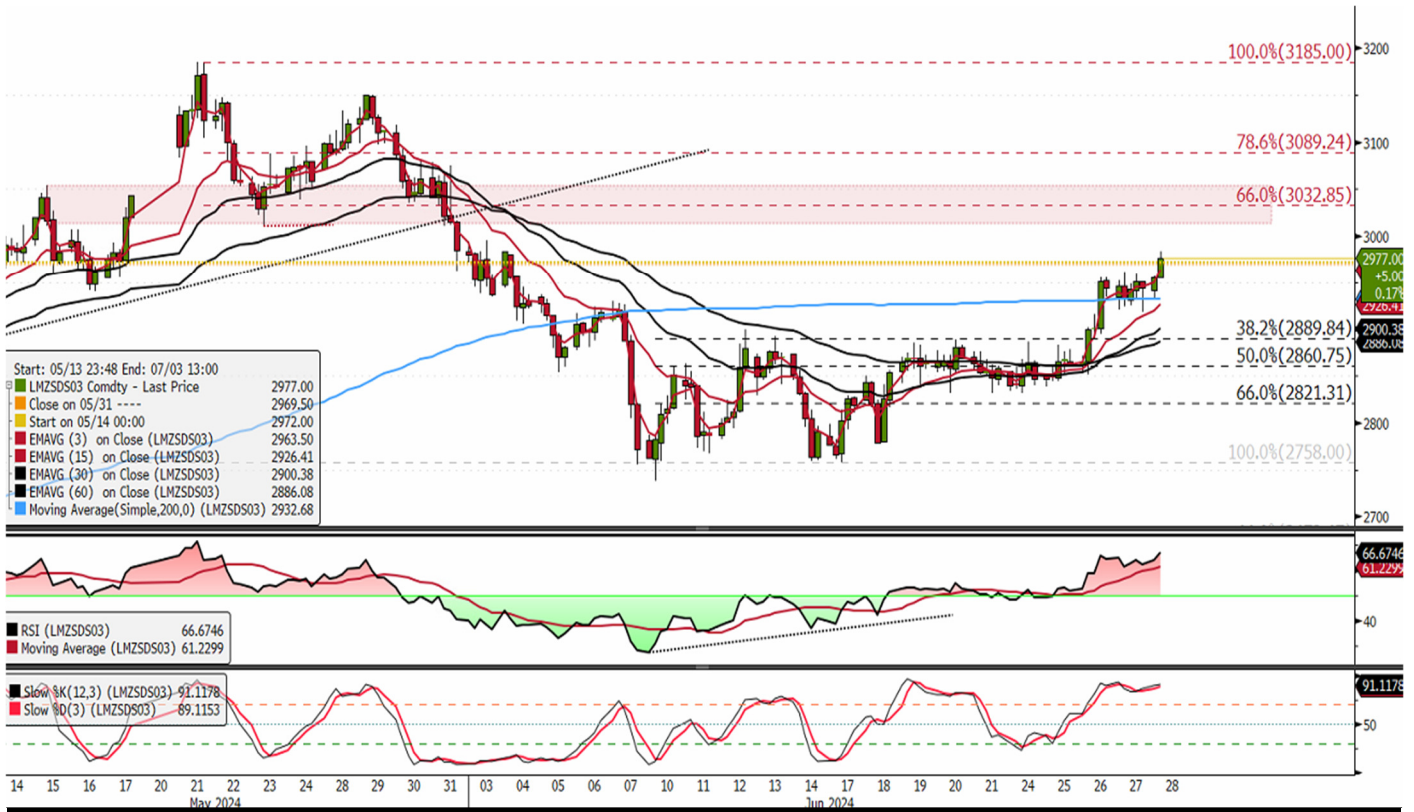
	Support	Resistance	Current Price	Bull	Bear
S1	2,500	R1	2,510		RSI below 50
S2	2,470	R2			
S3	2,451	R3			

Source Bloomberg

## Synopsis - Intraday

- Price is between the EMA Resistance band (Black EMA's)
- RSI is below 50 (49)
- Stochastic is above 50
- Price is above the daily pivot point USD 2,500
- Technically bearish previously, the futures were rolling over to the sell side, warning that the USD 2,470 fractal low could come under pressure. The MA on the RSI remained flat, implying that momentum was still neutral; however, below USD 2,470 the futures would be in divergence with the RSI. Not a buy signal, it warned that we could see a momentum slowdown, implying caution on downside breakouts.
- The futures sold to a low of USD 2,482 meaning the fractal low at USD 2,470 remained in place. We continue to consolidate with price between the EMA resistance band whilst the RSI is near-neutral at 49, intraday price and momentum are aligned to the buy side.
- A close on the 4-hour candle below USD 2,500 with the RSI at or below 45.5 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 2,549 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 we are seeing light momentum support, making USD 2,549 the key resistance to follow. Above this level the probability of the futures trading to a new low will start to decrease. Due to the futures moving higher on the back of a positive divergence, whilst likely to create further divergences below USD 2,470, we maintain a cautious view on downside breakouts.

# Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,913	R1	2,977	RSI above 50	Stochastic overbought
S2	2,889	R2			
S3	2,860	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (66)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,913
- Unchanged on the technical previously. We were technically bearish; price action was neutral with the futures remaining in the consolidation zone. Upside moves above USD 2,930 would mean that the intraday technical was bullish based on price, suggesting the corrective phase had the potential to become more complex. Likewise, a move below USD 2,737.5 would create a positive divergence with the RSI, warning the downside move has the potential to exhaust. We maintained our view that support levels were vulnerable whilst below USD 2,930.
- The futures have broken to the upside, meaning the intraday technical is bullish based on price. 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 2,913 with the RSI at or below 59 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 3,032 will warn that there could be a larger, bearish Elliott wave cycle in play. Likewise, downside moves that hold at or above USD 2,822 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish based on price, the failure to trade to a new low is warning that there is potentially a larger, bearish Elliott wave cycle in play, making USD 3,032 the key resistance to follow. If broken, then the probability of this upside move being a countertrend Elliott wave B will start to decrease, meaning resistance levels will start to look vulnerable. The MA on the RSI is implying momentum is supported at this point. Resistance levels are vulnerable; however, whilst below USD 3,032, this upside move could still be part of a higher timeframe corrective phase.



# Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	17,171	R1	17,275		RSI below 50
S2	17,138	R2			
S3	16,717	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (48)
- Stochastic is above 50
- Price is above the daily pivot point USD 17,171
- Technically bearish previously with upside moves looking like they will be countertrend based on our intraday Elliott wave analysis. However, due to the divergence in play, the futures were not considered a technical sell. The MA on the RSI continued to suggest that momentum was supported, whilst a daily close above the weekly pivot level (USD 17,356) would imply that buyside pressure was increasing.
- The futures continue to see small tests to the downside that are failing to hold. 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 17,171 with the RSI at or below 41.5 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 19,420 will leave the futures vulnerable to further tests to the downside.
- Unchanged on the technical today, we remain bearish with upside moves looking like they will be countertrend based on our intraday Elliott wave analysis. However, the futures remain in divergence, suggesting caution on downside moves at these levels, meaning the futures were not considered a technical sell at this point.

# Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,195	R1	2,206	RSI above 50	
S2	2,167	R2			
S3	2,153	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is above the EMA resistance band (Black EMA's)
- RSI is above 50 (54)
- Stochastic is above 50
- Price is above the daily pivot point USD 2,188
- The technical is bearish on the last report, near-term price action was bullish. We noted that in theory we should have one more test to the downside. One concern that we highlighted on the chart was the amount of time we have been seeing buyside support (circled), compared to previous pullbacks. This warned that we could be seeing a sentiment change to the buyside, for this reason, I was neutral, as the technical was becoming less clear.
- The futures remain supported with price above the EMA band with the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 2,188 with the RSI at or below 49 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 2,242 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. We noted that the USD 2,242 resistance is back in play due to the move below the USD 2,167 support.
- Unchanged on the technical today. In theory we could still have one more test to the downside; however, the daily chart is holding above the 200-period MA (USD 2,143) whilst the time factor for the buyside support has been significantly longer than previous upside moves, warning we could be seeing a sentiment change to the buyside. Due to the technical conflicting, we maintain a neutral view.