



# Base Morning Technical Report

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

## China

The People's Bank of China said it will borrow government bonds from primary dealers, a sign it may be contemplating selling securities to cool down a market rally.

China's central bank has decided to borrow bonds from some dealers in order to maintain the steady operation of the bond market, it said in a statement. The decision was made after "careful observation and evaluation" of the current market situation, it said.

The move came on the heels of a drop in China's benchmark sovereign yields to a record low earlier Monday, as investors continued to snap up the notes amid pessimism about the domestic economy. The central bank hinted at bond-selling in May. (Bloomberg).

# Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	9,486	R1	9,585		RSI below 50
S2	9,362	R2	9,639	9,539	
S3	9,238	R3	9,751		

## Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- The RSI below 50 (43)
- Stochastic is above 50
- Price is below the daily pivot point USD 9,585
- Technically bearish on Friday, the futures were finding light momentum support on the back of the positive divergence with the RSI. If we traded above USD 9,751, then the probability of the futures trading to a new low would start to decrease. We remained cautious on downside moves at these levels due to the divergence in play.
- We traded to a high of USD 9,674; however, price is rejecting the EMA resistance band with the RSI below 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle below USD 9,585 with the RSI at or below 42 will mean price and momentum are aligned to the sell side; likewise, a close above this level with the RSI at or above 46.5 will mean that it is aligned to the buyside. 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.
- Unchanged on the technical this morning. The futures remain in a bearish trending environment with price rejecting the EMA resistance band. However, the MA on the RSI is indicating that momentum is still supported, whilst the recent intraday upside move is on the back of a positive divergence with the RSI, below USD 9,485 will create further negative divergences with the RSI. For this reason, we remain cautious on downside breakouts.

# Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,518	R1	2,524.5	RSI above 50	
S2	2,470	R2			
S3	2,451	R3			

Source Bloomberg

## Synopsis - Intraday

- Price is between/above the EMA Resistance band (Black EMA's)
- RSI is above 50 (52)
- Stochastic is above 50
- Price is above the daily pivot point USD 2,518
- Technically bearish last week, the MA on the RSI is implied 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 would 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 maintained a cautious view on downside breakouts.
- The futures traded to a high of USD 2,543 before seeing a small pullback into the close. Bid-side support on the open means price is trading on the 60-period EMA with the RSI above 50, intraday price and momentum are aligned to the buy side.
- A close on the 4-hour candle below USD 2,518 with the RSI at or below 48 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.
- We remain bearish, the MA on the RSI is indicating that momentum remains supported having moved higher on the positive divergence on Friday. A move above USD 2,549 will mean that the probability of the futures trading to a new low will start to decrease; likewise, if rejected then support levels will remain vulnerable. Due to the divergence in play, we remain cautious on downside breakouts below USD 2,470 as the divergence is suggesting that we could struggle to hold.

# Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,921	R1	2,954	RSI above 50	
S2	2,895	R2	2,993		
S3	2,865	R3	3,032		

## Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (56)
- Stochastic is below 50
- Price is above the daily pivot point USD 2,913
- Technically bullish based on price last week, the failure to trade to a new low warned that there was 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 would start to decrease, meaning resistance levels would start to look vulnerable. The MA on the RSI implied that momentum was supported at this point. Resistance levels were vulnerable; however, whilst below USD 3,032, this upside move could still be part of a higher timeframe corrective phase.
- Having traded to a high of USD 2,993 the futures have entered a corrective phase; however, we are finding bid support on the EMA band (and the weekly pivot level USD 2,921) with the RSI above 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 2,954 with the RSI at or above 64 will mean price and momentum are aligned to the buy 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 2,824 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish based on price; as noted last week, the failure to trade to a new low is warning that there could be 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 wave B will start to decrease. The MA on the RSI is now warning that momentum is starting to weaken; however, price is finding support on the weekly pivot level, if we hold, then resistance will remain vulnerable. Likewise, if we close on the daily candle below that holds below the USD 2,921 level, will warn that sell side pressure is increasing.

# Nickel Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	17,285		RSI below 50
S2	R2			
S3	R3			

**Synopsis - Intraday**

Source Bloomberg

- Price is between the EMA resistance band (Black EMA's)
- RSI is below 50 (48)
- Stochastic is overbought
- Price is above the daily pivot point USD 17,210
- Unchanged on the technical on Friday, we remained bearish with upside moves looking like they will be countertrend based on our intraday Elliott wave analysis. However, the futures remained in divergence, suggesting caution on downside moves at these levels, meaning the futures were not considered a technical sell at that point.
- The futures traded to a high of USD 17,390 selling back to Friday mornings levels. We are between 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 17,210 with the RSI at or below 44 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.
- Technically bearish, the futures now look to have entered the countertrend wave 4. The MA on the RSI is implying that momentum is supported with upside moves continuing to look like they are countertrend. A close on the daily candle below USD 17,190 (weekly pivot) will warn that the USD 16,965 fractal low could be tested and broken. At this point, the futures will have confirmed that they are in a lower timeframe Elliott wave C; however, we will be in divergence with the RSI. Not a buy signal, it is a warning that we have the potential to see a momentum slowdown, suggesting caution on downside breakouts.

# Lead Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	2,210	2,219	RSI above 50	Stochastic overbought
S2	2,202			
S3	2,167			
	R1	2,242		
	R2	2,263		
	R3	2,300		

## Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (56)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,210
- Unchanged on the technical last week. We noted that in theory we could still have one more test to the downside; however, the daily chart was 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.
- The futures have seen another intraday test higher with price above the EMA support band. The RSI is above 50 with price and momentum aligned to the buyside.
- A close on the 4-hour candle below USD 2,210 with the RSI at or below 51 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. The USD 2,242 resistance is back in play due to the move below the USD 2,167 support.
- Unchanged again, we remain bearish with the MA on the RSI implying momentum is supported. As previously noted, we maintain a neutral view, as the futures are vulnerable to a move lower based on intraday Elliott wave analysis. However, the recent upside move is longer in time and higher in price, warning momentum is turning to the buyside.

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](http://freightinvestorservices.com)