



Base Morning Technical Report

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China

China's central bank took the next step toward selling government bonds to cool a record-breaking rally, saying it now has "hundreds of billions" of yuan of the securities at its disposal through agreements with lenders.

After months of investor speculation about its intentions, the People's Bank of China disclosed the clearest outline yet of its unprecedented plans in a statement to Bloomberg News on Friday.

It said it has hundreds of billions of yuan worth of medium- and long-term bonds at its disposal to borrow, after signing agreements with several major financial institutions. The central bank said it would borrow the bonds on an open-ended unsecured basis and sell them depending on market conditions. (Bloomberg).

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	9,869	R1	9,979	RSI above 50	Stochastic overbought
S2	9,769	R2	10,023		
S3	9,724	R3	10,095		

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA resistance band (Black EMA's)
- The RSI above 50 (62)
- Stochastic is overbought
- Price is above the daily pivot point USD 9,869
- Technically bullish yesterday, the MA on the RSI indicated that momentum was supported. The current upside wave was greater than 161.8% than that of the previous wave, confirming it was bullish impulse, meaning downside moves were considered as countertrend. However, if we did trade below the USD 9,660 level, then the pullback would be considered as deep, meaning that the probability of the futures trading to a new high would have started to decrease.
- The futures remain supported having briefly traded to a new high, we are above all key moving averages with the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 9,869 with the RSI at or below 57 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 9,661 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the MA on the RSI is indicating that momentum remains supported at this point. However, the RSI is testing resistance whilst in divergence on the lower timeframes, suggesting caution on upside breakouts, as they could struggle to hold in the near-term. Our intraday Elliott wave Analysis does continue to suggest that downside moves should be considered as countertrend.

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,514	R1	2,525.5	Stochastic oversold	
S2	2,501	R2			
S3	2,470	R3			

Source Bloomberg

Synopsis - Intraday

- Price is below the EMA Resistance band (Black EMA's)
- RSI is at 50 (50)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,532
- Technically bearish yesterday, the MA on the RSI implied that we had light momentum support. The upside move above USD 2,549 meant that the probability of the futures trading to a new low had started to decrease. The EMA resistance band was still flat, indicating we lacked directional bias; however, the averages had started to converge, warning buyside pressure was increasing.
- Having traded above the USD 2,549 resistance the futures have entered a corrective phase. We are below the EMA resistance band with the RSI neutral at 49, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle below USD 2,532 with the RSI at or below 56.52 will mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 2,501 will support a near-term bull argument, below this level the technical will be back in bearish territory.
- Technically bullish but in a corrective phase, the MA on the RSI is flat implying momentum is neutral. The upside moves above USD 2,549 means that the probability of the futures trading to a new low has started to decrease, making USD 2,501 the key support to follow. If broken then the technical will be back in bearish territory, warning that support levels could come under pressure. It is not the cleanest of Elliott wave cycles on this correction; however, it does look like it may have potentially completed.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,969	R1	2,991.5	RSI above 50	Stochastic overbought
S2	2,921	R2			
S3	2,903	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (58)
- Stochastic is overbought
- Price is below the daily pivot point USD 2,994
- Technically bullish yesterday, the new high meant that the futures were now in divergence with the RSI, not a sell signal, it warned that we could see a momentum slowdown which would need to be monitored. Price action was bullish having held above the weekly pivot level, whilst the EMA band was starting to move higher; however, due to the divergence, we were now cautious on upside moves at these levels. If we did trade above USD 3,032, then the probability of the futures trading to a new low would start to decrease.
- The futures remain supported having traded to a high of USD 3,018 yesterday. 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 2,994 with the RSI at or below 56.5 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 2,832 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the MA on the RSI is indicating that we have light momentum support at this point; however, the futures remain in divergence with the RSI, suggesting caution in upside moves at these levels. If we trade above the USD 3,032 level, then the probability of the future trading to a new low will start to decrease, whilst corrective moves below USD 2,832 will leave the USD 2,737.5 fractal low vulnerable. Due to the divergence in play, the intraday technical is warning that we could see a momentum slowdown, meaning it is not considered a technical buy at.

Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	17,276	R1	17,425	RSI above 50	
S2	16,965	R2			
S3	16,154	R3			

Synopsis - Intraday

Source Bloomberg

- Price is between the EMA resistance band (Black EMA's)
- RSI is above 50 (53)
- Stochastic is below 50
- Price is above the daily pivot point USD 17,276
- Unchanged on the technical yesterday, the MA on the RSI was flat, meaning momentum remained neutral, whilst intraday Elliott wave analysis continues to suggest that upside moves look like they could be countertrend.
- The futures have seen a small move higher with price now testing the upper resistance band, the RSI is above 50 whilst intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 17,276 with the RSI at or below 46.5 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 are seeing a small move higher; however, the MA on the RSI is flat, meaning momentum remains neutral. Our intraday Elliott wave analysis continues to suggest that upside moves look like they will be countertrend.

Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,225	R1	2,236	RSI above 50	Stochastic overbought
S2	2,202	R2			
S3	2,167	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (58)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,225
- Technically bearish on the previous report, the MA on the RSI implied that momentum remained weak. We noted that upside moves above USD 2,238.5 had the potential to create a negative (not positive, sorry) divergence with the RSI, indicating caution on upside breakouts above this level. We remained neutral, as intraday Elliott wave analysis suggested that we could still see a move lower, but the recent upside move was longer in time and higher in price, warning momentum was turning to the buyside.
- The futures have tested but failed to trade to a new high; however, price remains supported. 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 2,225 with the RSI at or below 51.5 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.
- Technically bearish, the MA on the RSI is flat, implying momentum is neutral. As noted previously, upside moves above USD 2,238.5 will create a negative divergence; however, this looks like it will now be on a lower timeframe. Not a sell signal, it is a warning that we could see a momentum slowdown, suggesting caution on upside breakouts. If we do trade above the USD 2,242 resistance, then the probability of the futures trading to a new low will start to decrease.

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