



Base Morning Technical Report

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

Al

Aluminum steadied near the lowest in four months as traders shrugged off China's new emissions reduction plan for domestic smelters, which could lead to capacity cuts.

China will support aluminum producers to use more renewable energy and no longer approve any new coal-fired power generators for smelting, according to a government plan issued Tuesday evening. The strategy also requires capacity to be below baseline energy-efficiency levels, meaning some plants will need to undergo technical upgrades or be phased out by the end of 2025.

"The market isn't pricing in the document" amid the backdrop of "really weak Chinese demand," said Li Jiahui, an analyst with Shanghai Metals Market.

While the document mostly summarized existing policies and the industry has been moving in line with those requirements, implementation of some new measures may be complicated, such as phasing out 200-kiloampere electrolytic baths, Li added. (Bloomberg/WSJ).

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	8,999	R1	9,180	RSI below 50	Stochastic oversold
S2	8,727	R2	9,418		
S3	8,381	R3	9,514		

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- The RSI below 50 (26)
- Stochastic is oversold
- Price is below the daily pivot point USD 9,180
- Technically bearish yesterday, the MA on the RSI was starting to flatten, implying that sell side momentum was slowing down. The lower timeframe RSI (1-hour) was still in divergence, not a buy signal, it was a second warning that sell side momentum could be slowing. However, as noted previously, we maintained our view based on Elliott wave analysis that upside moves look like they could be countertrend.
- The futures continue to sell lower with price below all key moving averages supported by the RSI below 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 9,180 with the RSI at or above 30 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 9,643 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, the RSI remains below its average; however, the MA continues to flatten implying sell side momentum is slowing. Although we continue to move lower the 1-hour RSI remains in divergence, again implying sell side momentum is slowing, we now have a divergence on the 4-hour timeframe as well. Intraday Elliott wave analysis continues to suggest that upside moves look like they will be countertrend at this point. We are unchanged on the technical today, we remain in a bearish trending environment; however, due to the divergences in play, we maintain a cautious view on downside moves due to the divergence in play.

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,290	R1	2,293	Stochastic oversold	RSI below 50
S2	2,236	R2			
S3	2,152	R3			

Source Bloomberg

Synopsis - Intraday

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (21)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,306
- Technically bearish yesterday, the MA on the RSI is implied that momentum remained weak, but the intraday divergence had failed. The close yesterday meant that the futures were now below the daily 200-period MA (USD 2,354), making this a near-term area of resistance. We maintained our view that upside moves look like they could be countertrend with the degree of separation between the short and longer-term EMA's supporting this, as it implied that the intraday bear trend looked stable. If we did trade above the USD 2,423 resistance, then the probability of the futures trading to a new low would start to decrease. The intraday rejection candle on the close yesterday warned that there was support at lower levels, if price and momentum became aligned to the buy side, then resistance levels could come under pressure in the near-term.
- The futures have seen a small move lower with price below the intraday rejection candle. We remain below all key moving averages supported by the RSI below 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 2,306 with the RSI at or above 26 will mean price and momentum are aligned to the buy side. Upside moves that fail at or below USD 2,421 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 continues to warn that momentum remains weak. However, the 1-hour RSI is now in divergence with price; not a buy signal, it is a warning that we could see a momentum slowdown which will need to be monitored, implying caution on downside moves at these levels. Our intraday Elliott wave analysis suggests that upside moves should be considered as countertrend at this point. The daily 200-period MA is still at USD 2,354, making this a near-term area of resistance on the higher timeframe.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,672	R1	2,706	Stochastic oversold	RSI below 50
S2	2,646	R2	2,795		
S3	2,615	R3	2,835		

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (26)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,706
- Technically bearish yesterday, the MA on the RSI implied that momentum was weak, whilst the average had started to flatten a little, warning we were seeing early signs that it could be slowing down. However, the MA on the daily chart indicated that the higher timeframe momentum remained weak, whilst the degree of separation between the intraday EMA's implied that the bearish trend remained stable, indicating resistance levels should in theory hold if tested. Our intraday Elliott wave analysis supported this, as it suggests that upside moves look like they would be countertrend.
- The futures have continued to trade to new lows with price below all key moving averages supported by the RSI below 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 2,706 with the RSI at or above 30.5 will mean price and momentum are aligned to the buy side. Upside moves that fail at or below USD 2,888 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, the degree of separation between the averages continues to suggest that the trend remains stable, as does the MA on the RSI on the daily timeframe. However, the MA on the RSI is now starting to flatten (4-hour), warning sell side momentum could be slowing down. The new low yesterday means that the 1-hour RSI is in divergence with price, also warning we could see a momentum slowdown, whilst we have the daily 200-period MA support at USD 2,646. Intraday Elliott wave analysis is implying that upside moves should be countertrend, with the divergence implying caution on downside moves at these levels.

Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	15,707	R1	16,015	Stochastic oversold	RSI below 50
S2	15,260	R2			
S3	14,624	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (28)
- Stochastic is oversold
- Price is below the daily pivot point USD 16,110
- Unchanged on the technical yesterday, we remained in divergence on the longer-term and 1-hour timeframes, warning we had the potential to see a momentum slowdown. however, our lower timeframe Elliott wave analysis suggested that intraday upside moves look like they would be countertrend in the near-term.
- The futures have seen a very small move lower, meaning we remain below all key moving averages supported by the RSI below 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 16,110 with the RSI at or above 33 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 17,061 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 have light momentum weakness, whilst our intraday Elliott wave analysis is continuing to suggest that we have the potential to trade as low as USD 15,260 within this phase of the cycle. Our lower timeframe Elliott wave analysis is indicating that intraday upside moves look like they will be countertrend at this point, making USD 17,061 the key resistance to follow. Above this level, the probability of the futures trading to a new high will start to decrease. The 1-hour RSI is still in divergence whilst the 4-hour is testing RSI support, implying caution on downside moves at these levels, as we have the potential to see a momentum slowdown. A cautious bear at these levels.

Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,028	R1	2,069	Stochastic oversold	RSI below 50
S2	1,966	R2	2,116		
S3	1,913	R3	2165		

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (28)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,069
- Technically bearish yesterday, the MA on the RSI Implied that momentum remained weak. However, the 1-hour RSI was in divergence, warning that we have the potential to see a momentum slowdown. Our intraday Elliott wave analysis remained unchanged with upside moves still looking like they should in theory be countertrend. If we did trade above the USD 2,174 level, then the probability of the futures trading to a new low would start to decrease.
- The futures have seen another move lower with price remaining below all key moving averages supported by the RSI below 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 2,069 with the RSI at or above 32 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 2,165 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 continues to imply that momentum remains weak, whilst our intraday Elliott wave analysis is suggesting that upside moves look like they will be countertrend. The 1-hour RSI is in divergence, warning we could see a momentum slowdown, which will need to be monitored. We highlight USD 2,028 as an area of interest (support), as this is the 100% projection level of A-B = C-D, an area where market shorts could potentially start looking to cover.

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