



# Base Morning Technical Report

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## Metals

Industrial metals headed for a monthly gain, led by strong advances in zinc and aluminum, on signs of resilient US growth and a weaker dollar as the Federal Reserve prepares to cut interest rates.

The LME Index that tracks the six main metals has climbed almost 3% so far in August, on pace for its best month since April. Upbeat US growth data suggested the Fed is engineering a so-called soft landing for the economy. With the US central bank expected to pivot to cuts in September, a gauge of the US currency is set for its biggest monthly drop this year, aiding commodities.

Zinc, used to galvanize steel, has rallied more than 8% this month as a vow by Chinese smelters to reduce intake of concentrate is likely to cut production. Aluminum has risen by about the same amount in August, with gains supported in part as a hike in fees at a warehouse operator raised costs.

Copper has also eked out a gain this month, despite sustained concerns about a slowing of China's economy and rising inventories. Global exchange-tracked copper stockpiles have expanded to more than 610,000 tons, the highest figure for this time of the year since 2013.

On the London Metal Exchange, zinc traded 1.2% higher at \$2,911.50 a ton at 11:09 a.m., while aluminum rose 1% to \$2,481 a ton, and copper added 0.5% to \$9,287 a ton. (Bloomberg).

# Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	9,257	R1	9,318.5	RSI above 50	
S2	9,233	R2			
S3	9,191	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is between the EMA support band (Black EMA's)
- The RSI above 50 (52)
- Stochastic is below 50
- Price is above the daily pivot point USD 9,257
- Technically bullish with a neutral bias yesterday, the MA on the RSI indicated that we had some light momentum weakness. The move below USD 9,233 implied that we were also seeing momentum weakness based on price, warning upside moves could struggle to hold, making USD 9,368 the key resistance to follow. Upside moves that failed to trade above USD 9,368 would warn that support levels could be tested and broken. The close below USD 9,291 previously on the daily chart implied that sell side pressure was increasing.
- The futures consolidated yesterday before moving higher this morning. Price is above the EMA support band with the RSI above 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle above USD 9,257 with the RSI at or above 57 will mean price and momentum are aligned to the buy side; likewise, a close below this level with the RSI at or below 52.5 will mean it is aligned to the sell side. Upside moves that fail at or below USD 9,368 will leave the futures vulnerable to further tests to the downside, above this level the technical will be back in bullish territory.
- Technically bullish with a neutral bias, the futures consolidated yesterday in the resistance zone that formed between the 19th-21st of August, this has acted as a support area, resulting in a move higher on the open. The MA on the RSI is implying that momentum remains weak, whilst the breach below USD 9,233 previously means that the probability of the futures trading to a new high has started to decrease. We maintain our view that support levels remain vulnerable at this point; however, if we do trade above the USD 9,368 resistance, the technical will be back in bullish territory, suggesting the USD 9,453 fractal resistance could be tested and broken.

# Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,467	R1	2,483	RSI above 50	
S2	2,429	R2			
S3	2,390	R3			

Source Bloomberg

## Synopsis - Intraday

- Price is between the EMA support band (Black EMA's)
- RSI is above 50 (53)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,467
- Technically bullish but in a corrective phase yesterday. Momentum was conflicting as the MA on the RSI indicated that it was weak; this is countered by the RSI which is above 50 whilst the stochastic was oversold, implying we could move higher. Technically we have confirmed that we have entered a corrective wave-4 lower; however, this should in theory contain 3 waves (A-down, B-up, C-down). At this point, we still look to be on the Wave A lower.
- The futures had a small test to the downside that failed to hold yesterday, resulting in light bid support on the open today. We are above the EMA support band with the RSI above 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle above USD 2,467 with the RSI at or above 58 will mean price and momentum are aligned to the buy side; likewise, a close below this level will mean it is aligned to the sell side. Downside moves that hold at or above USD 2,338 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish but in a corrective phase, the MA on the RSI continues to suggest that momentum is weak at this point. We are finding light bid support between the 30 – 60 period EMA's warning that the USD 2,516 resistance could come under pressure. However, upside moves that fail at or below this level will suggest that there is the potential for further downside within this corrective phase.

# Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,882	R1	2,914	RSI above 50	
S2	2,842	R2	2,945		
S3	2,811	R3	2,974		

## Synopsis - Intraday

Source Bloomberg

- Price is above the EMA resistance band (Black EMA's)
- RSI is above 50 (56)
- Stochastic is below 50
- Price is above the daily pivot point USD 2,882
- Technically bullish yesterday, the futures were moving higher off the EMA support band, making USD 2,914 the key resistance to follow. A rejection of this level will warn that we should see further downside within this corrective move; if broken, the USD 2,945 fractal high could be tested and broken. However, a new high would create a negative divergence with the RSI, warning we could see a momentum slowdown. For this reason, we maintained a cautious view on upside moves at this point.
- The futures continued to find support off the EMA band yesterday but failed to see any upside continuation for the remainder of the session. An upside move in the Asian day session has resulted in the USD 2,914 resistance being breached. We are above all key moving averages supported by the RSI above 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle above USD 2,882 with the RSI at or above 61 will mean price and momentum are aligned to the buy side; likewise, a close below this level will mean it is aligned to the sell side. Downside moves that hold at or above USD 2,768 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the MA on the RSI continues to suggest that momentum remains weak at this point. The breach in the USD 2,914 resistance is warning that the USD 2,945 fractal resistance is now vulnerable. However, above this level the RSI will be divergent with price, warning we could see a momentum slowdown. For this reason, we remain cautious on upside moves/breakouts, as they could struggle to hold.

# Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	16,983	R1	17,060	RSI above 50	
S2	16,914	R2			
S3	16,732	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (58)
- Stochastic is above 50
- Price is below the daily pivot point USD 16,983
- Technically bullish yesterday, the MA on the RSI was flat, implying momentum was neutral. Upside moves above USD 17,165, had the potential to create further negative divergences with the RSI; not a sell signal, it warned that we could see a momentum slowdown on an upside breakout. The technical continues to suggest caution on upside moves due to the divergence in play.
- The futures moved sideways yesterday before finding light bid support on the open this morning. We remain above the EMA support band with the RSI above 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle above USD 16,983 with the RSI at or above 59.5 will mean price and momentum are aligned to the buy side; likewise, a close below this level with the RSI at or below 55 will mean it is aligned to the sell side. Downside moves that hold at or above USD 16,732 will support a near-term bull argument, if broken, it will warn that the USD 16,509 fractal support could be tested and broken.
- Unchanged on the technical today, we remain bullish, the MA on the RSI is flat implying momentum is neutral. Upside moves above USD 17,165, still have the potential to create further negative divergences with the RSI; not a sell signal, it is a warning we could see a momentum slowdown on an upside breakout. The technical continues to suggest caution on upside moves due to the divergence in play.



# Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,021	R1	2,051.5	Stochastic oversold	RSI below 50
S2	1,988	R2			
S3	1,961	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (44)
- Stochastic is oversold
- Price is on the daily pivot point USD 2,051
- Technically bullish but in a corrective phase, the MA on the RSI implied that momentum was weak. Upside moves that failed at or below USD 2,104 would leave the futures vulnerable to further tests to the downside, if broken, the USD 2,126 fractal high will start to look vulnerable. We maintain a cautious view on upside moves due to the price moving lower on a negative divergence and the weakening momentum.
- We traded to a low of USD 2,032.5 before finding light bid support in the Asian day session. Price is 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 2,051 with the RSI at or above 51 will mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 1,988 will support a longer-term bull argument. Upside moves that fail at or below USD 2,094 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically we are bearish based on price due to the move below the USD 2,046 fractal support. The MA on the RSI is implying momentum is weak, warning support levels remain vulnerable. Upside moves that fail at or below USD 2,094 will suggest that there could be further downside within this corrective phase; likewise, if we hold above the USD 1,988 support, it will warn that there could be a larger, bullish Elliott wave cycle coming into play.

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