



Base Morning Technical Report

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

China

Iron ore spiked almost 11% and base metals rose after three of China's biggest cities eased curbs on home-buying, bolstering the outlook for demand in Asia's largest economy as the central government adds stimulus.

Shanghai, Guangzhou and Shenzhen loosened rules, following through on Beijing's latest efforts to prop up the embattled property sector. Futures surged in Singapore to hit the highest since July, while copper and zinc rose on the London Metal Exchange as traders gathered for a major industry meeting. (Bloomberg).

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	10,004	R1	10,070	RSI above 50	Stochastic overbought
S2	9,693	R2			
S3	9,549	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- The RSI above 50 (68)
- Stochastic is overbought
- Price is above the daily pivot point USD 10,004
- Technically bullish on Friday, the MA on the RSI was starting to flatten, implying buyside momentum was starting to slow, we also had a negative divergence with the RSI supporting the weakening momentum. The technical was warning that we are looking overextended to the upside in the near-term, warning we could see an intraday pullback. However, there were at least two (maybe three) bullish Elliott wave cycles on multiple timeframes is play, meaning downside moves should be considered as countertrend. We noted that we should move lower, but it was not a technical sell.
- The futures have seen a small move higher on the back of more stimulus measures within China; however, the move has failed to hold, meaning the upside move is a wave extension within the existing trend. 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 10,004 with the RSI at or above 71.5 will mean price and momentum are aligned to the buyside; likewise, a close below this level will mean it is aligned to the sell side. Downside moves that hold at or above USD 9,354 will support a near-term bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the upside move on the open has failed to hold due to the negative divergence with the RSI. Elliott wave analysis suggests that downside moves should be considered as countertrend, making USD 9,354 the key support to follow, below this level the probability of the futures trading to a new high will start to decrease. Due to the divergence, the futures are not considered a technical buy at these levels this morning, as price is vulnerable to an intraday pullback.

Aluminium Morning Technical (4-hour)



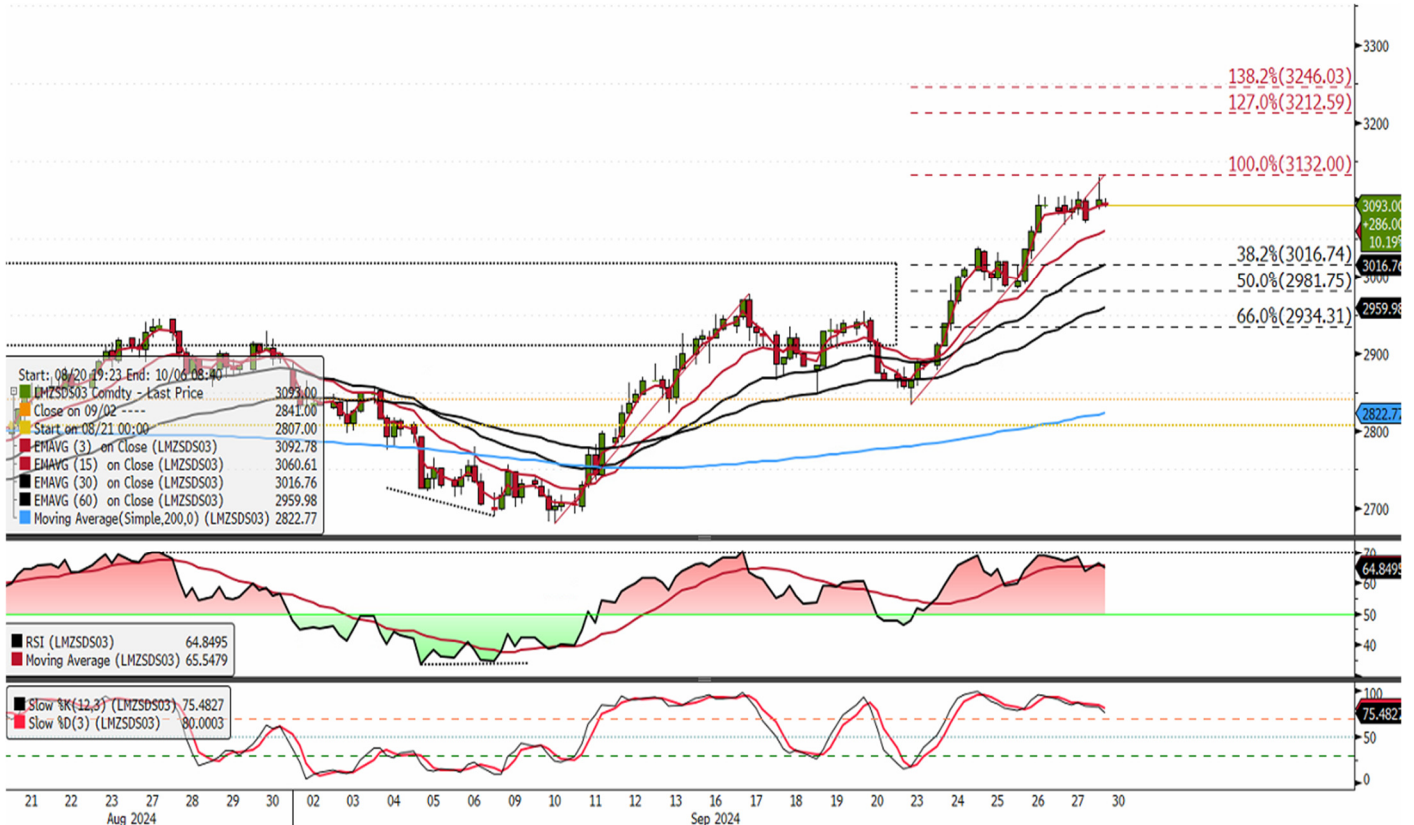
	Support	Resistance	Current Price	Bull	Bear
S1	2,635	R1	2,650	RSI above 50	Stochastic overbought
S2	2,605	R2			
S3	2,588	R3			

Source Bloomberg

Synopsis - Intraday

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (68)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,635
- Technically bullish on Friday, the longer-term divergence was still in play (red line on chart). However, the upside move previously resulted in the RSI breaching the high on the 24/09, suggesting very near-term intraday downside moves should be considered as countertrend. The lower timeframe extension warned that we could see a higher timeframe extension. Bullish, we were a little overextended, meaning we need to move lower to go higher, making USD 2,565 the key support to follow. If broken, then the probability of the futures trading to a new high would start to decrease.
- The futures are consolidating at their highs. 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 2,635 with the RSI at or below 84.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 2,565 will support a bull argument, below this level the technical will have a neutral bias.
- Unchanged on the technical this morning. We remain bullish with the longer-term divergence in still in play (red line on chart). The upside move previously resulted in the RSI breaching the high on the 24/09, suggesting very near-term intraday downside moves should be considered as countertrend. The lower timeframe extension continues to warn that we could see a higher timeframe extension. Although bullish, we are still a little overextended to the upside, in theory we need to move lower to go higher, making USD 2,565 the key support to follow. If broken, then the probability of the futures trading to a new high will start to decrease.

Zinc Morning Technical (4-hour)



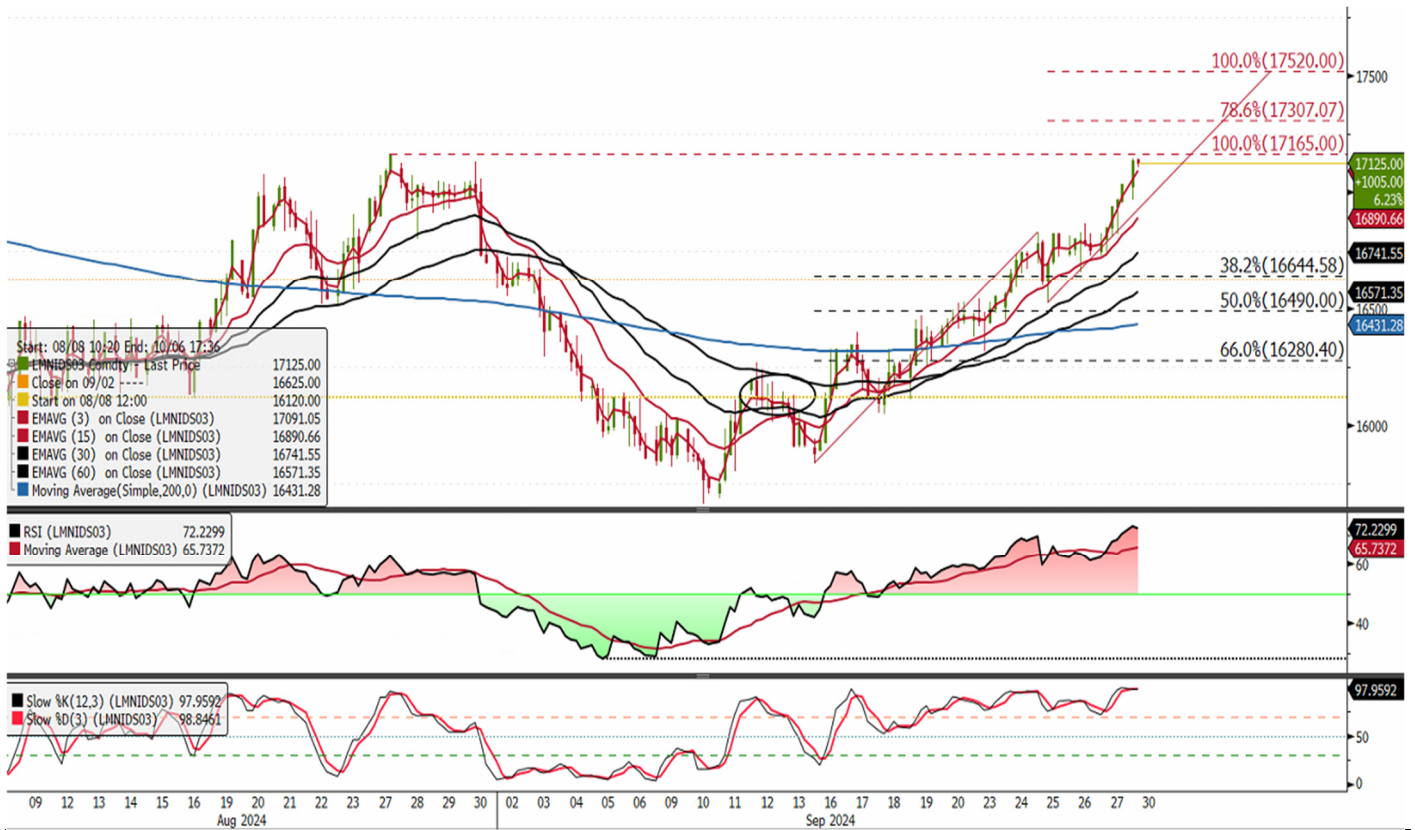
	Support	Resistance	Current Price	Bull	Bear
S1	3,093	R1, 3,132	3,093	RSI above 50	Stochastic overbought
S2	3,016	R2, 3,212			
S3	2,981	R3, 3,246			

Source Bloomberg

Synopsis - Intraday

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (64)
- Stochastic is overbought
- Price is above the daily pivot point USD 3,061
- The futures remained bullish on Friday, the MA on the RSI was starting to flatten, implying buy side momentum was slowing down, warning we could see an intraday pullback. However, as noted previously, our lower timeframe Elliott wave analysis was suggesting that downside moves look like they could be countertrend, making USD 2,926 the key support to follow. If broken, then the probability of the futures trading to a new high would start to decrease.
- The futures moved sideways on Friday before seeing a small spike higher on the open due to stimulus; however, the move has failed to hold. 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 3,084 with the RSI at or above 68 will mean price and momentum are aligned to the buy side. Likewise, a close below this level with the RSI at or below 63.5 will mean it is aligned to the sell side. Downside moves that hold at or above USD 2,934 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the RSI is now in divergence with price, implying caution on upside moves in the near-term, as they could struggle to hold. Intraday Elliott wave analysis continues to suggest that downside moves look like they could be countertrend, making USD 2,934 the key support to follow. A move below this level will warn that the probability of the futures trading to a new high has started to decrease.

Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	16,933	R1	17,125	RSI above 50	Stochastic overbought
S2	16,644	R2			
S3	16,490	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (72)
- Stochastic is overbought
- Price is above the daily pivot point USD 16,933
- Unchanged on the technical on Friday. We were in divergence, warning we had the potential to see a momentum slow-down. For this reason, the futures were not considered a technical buy at these levels, as we are now vulnerable to an intraday move lower.
- The futures have continued to move higher with the divergence failing in the Asian day session on the back of the Stimulus. 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 16,933 with the RSI at or below 63.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 16,280 will warn that there is a larger, bullish Elliott wave cycle in play.
- Technically bullish. The MA on the RSI is implying we have light momentum support again, whilst the divergence failure is suggesting that downside moves have the potential to be countertrend, making USD 16,280 the key support to follow. A move below this level will warn that the probability of the futures trading to a new high has started to decrease. Faster moving momentum indicators continue to suggest that we are overextended to the upside, warning we are vulnerable to an intraday pullback.

Lead Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,125.5	RSI above 50	
S2	R2			
S3	R3			

Source Bloomberg

Synopsis - Intraday

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (59)
- Stochastic is above 50
- Price is above the daily pivot point USD 2,120
- Technically bullish on Friday, the futures were in divergence, warning we could see an intraday pullback. Corrective moves lower that held at or above USD 2,089 would warn that we could see one more test to the upside. However, the recent upside moves meant that we are on a higher timeframe Elliott wave 3, implying downside moves should be considered as countertrend.
- The futures have entered a corrective phase, but price is currently holding above the USD 2,089 support. We are above all key moving averages with the RSI above 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 2,120 with the RSI at or above 64 will mean price and momentum are aligned to the buy side. Downside moves that hold at or above USD 2,089 will support a bull argument, below this level the technical will have a neutral bias.
- technically bullish, the futures are holding above the USD 2,089 support, warning we could have one more test to the upside within this phase of the cycle. However, as noted previously, there is a larger bullish wave cycle in play, meaning we maintain our view that downside moves should be considered as countertrend.

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