



Base Morning Technical Report

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Al

China's record-breaking run of aluminum output is likely to extend through the rest of the year as supply risks dissipate at a key production base in the south of the country.

National output is expected to rise 3% in the fourth quarter from a year ago to 11 million tons, according to Shanghai Metals Market. The forecast assumes that smelters in Yunnan will escape production cuts for the first time in four years due to abundant electricity supplies.

China's smelters, which account for about half of the world's aluminum, churned out a record 3.69 million tons in August, according to the research firm, whose figures differ slightly from official data. September is likely to show a bit of a dip before gains resume, culminating in 3.72 million tons in December, SMM said. (Bloomberg).

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	9,549	R1	9,575	Stochastic oversold	RSI below 50
S2	9,460	R2	9,749		
S3	9,354	R3	9,820		

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- The RSI below 50 (40)
- Stochastic is oversold
- Price is below the daily pivot point USD 9,575
- Technically bullish yesterday, the futures remained in a corrective phase with the MA on the RSI indicating that momentum is supported. Having rejected the upper resistance channel, the RSI had moved below its MA, implying momentum was weakening. Countering this, the RSI was in divergence with price, warning we had the potential to see a momentum slowdown, indicating caution on moves lower. Our intraday Elliott wave analysis suggested that downside moves should in theory be countertrend, making USD 9,354 the key support to follow. If we traded below this level, then the probability of the futures trading at a new high would start to decrease. We noted that market sellers would be targeting the 200-period MA (USD 9,481), and the lower channel support (USD 9,460); however, we had a note of caution on moves lower due to the divergence, which needed to be monitored.
- The futures sold to a low of USD 9,525 before finding light bid support in the Asian day session. We remain below the EMA resistance band with the RSI below 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 9,575 with the RSI at or above 44.5 will mean price and momentum are aligned to the buy side. Downside moves that hold at or above USD 9,354 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the futures remain in a corrective phase. The MA on the RSI is implying momentum is weak, whilst the move lower yesterday resulting in the divergence failing. Although the divergence failed, the RSI support held, with the futures now starting to base around the USD 9,549 Fibonacci support. Early upside rejection of the daily pivot level is warning that we could test the USD 9,520 low from yesterday; however, downside moves below this level will create a lower timeframe divergence, as price approaches the 200-period MA at USD 9,481, suggesting caution as a move lower could struggle to hold.

Aluminium Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,580	Stochastic is oversold	RSI below 50
S2	R2			
S3	R3			

Source Bloomberg

Synopsis - Intraday

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (47)
- Stochastic is oversold
- Price is above the daily pivot point USD 2,571
- Bearish with a neutral bias yesterday, the technical condition was weakening as price and momentum were aligned to the sell side. However, key support to follow was at USD 2,558, if broken the futures would be back in bearish territory, warning that the USD 2,505.5 fractal support could be tested and broken. Likewise, if support held, then markets sellers need to remain cautious as the futures are at an infection point.
- The futures sold to a low of USD 2,535.5 before finding bid support into the close, the technical is back in bearish territory. We are below the EMA resistance band with the RSI below 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle above USD 2,571 with the RSI at or above 50.5 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. Upside moves that fail at or below USD 2,629 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. Note: this level is back in play due to the breach in the USD 2,558 support.
- Technically bearish, the MA on the RSI is flat, implying we have light momentum weakness. The EMA resistance band is flat, implying we lack directional bias; however, our Elliott wave analysis suggests that upside moves look to be countertrend, warning support levels remain vulnerable. Key support is at USD 2,451, corrective moves that hold above this level will warn that there could be a larger bearish Elliott wave cycle in play; likewise, if we trade above the USD 2,629 resistance for a second time it will warn that buy side pressure is increasing.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	3,045	R1	3,130		RSI below 50
S2	2,977.5	R2	3,159	3,057	
S3	2,961	R3	3,209		

Source Bloomberg

Synopsis - Intraday

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (47)
- Stochastic is below 50
- Price is above the daily pivot point USD 3,045
- Technically bullish yesterday, the futures were testing the USD 3,039 support, if we held, then we still have the potential to move higher in the near-term, if broken, then it would warn that the Elliott wave cycle was becoming more complex, leaving the USD 2,977.5 fractal support, and the USD 2,961 Fibonacci support vulnerable. If the secondary support was broken, then the probability of the futures trading to a new high would start to decrease, warning that there is a higher probability that the bullish Elliott wave cycle could fail.
- The futures traded below the USD 3,039 support, meaning the corrective phase is starting to look more complex. We are below the EMA resistance band with the RSI below 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle above USD 3,045 with the RSI at or above 50 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 2,961 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the MA on the RSI continues to warn of momentum weakness. The downside move below 3,039 is indicating that the corrective phase looks to be more complex, warning the USD 2,977.50 fractal low from the 09/10 remains vulnerable in the near-term. However, our Elliott wave analysis continues to suggest that downside moves should be considered as countertrend, making USD 2,961 the key support to follow. A move below this level will warn that the probability of the futures trading to a new high will start to decrease.

Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	17,062	R1	17,425		RSI below 50
S2	16,669	R2			
S3	16,360	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (45)
- Stochastic is below 50
- Price is below the daily pivot point USD 17,485
- Technically bullish yesterday, the futures remained in a corrective phase in what looked to be a countertrend Elliott wave 4 lower. The MA on the RSI was flat; however, the average had acted as a resistance to the RSI, implying momentum was weakening. Downside moves below USD 17,305 would warn that the USD 17,062 Fibonacci support could come under pressure in the near-term.
- The futures sold to a low of USD 17,285 on the weakening momentum this morning. We are below the EMA support band with the RSI below 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 17,485 with the RSI at or above 50.5 will mean price and momentum are aligned to the buy side. Downside moves that hold at or above USD 16,669 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the futures remain in a corrective phase with the MA on the RSI warning that momentum remains weak. However, the RSI is now on support whilst lower timeframe momentum indicators are in divergence, suggesting downside moves from here could struggle to hold. Our Elliott wave analysis indicates that downside moves look to be countertrend, whilst momentum indicators suggest caution on moves lower at this point.

Lead Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	2,066	2,087		
S2	2,021			
S3	1,993			
	R1	2,100		
	R2	2,122		
	R3	2,138		

Synopsis - Intraday

Source Bloomberg

- Price is between the EMA resistance band (Black EMA's)
- RSI is at 50 (50)
- Stochastic is oversold
- Price is above the daily point USD 2,066
- Technically bearish yesterday, the move below the USD 2,045.5 fractal support meant that price was in divergence with the RSI. Not a buy signal, it warned that we had the potential to see a momentum slowdown, which needed to be monitored. USD 2,021 was the key level to follow, if broken, then the probability of the futures trading above the USD 2,167 fractal high will start to decrease. We were a cautious bear whilst there was a divergence in play.
- The futures moved higher on the divergence yesterday, price is between the EMA resistance band with the RSI neutral at 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 2,066 with the RSI at or below 42.5 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 2,122 will leave the futures vulnerable to further tests to the downside, warning that the corrective phase has the potential to become more complex. Likewise, downside moves that hold at or above USD 2,021 will warn that there is potentially a larger bullish Elliott wave cycle in play.
- Technically bearish with the neutral bias, above USD 2,100 the futures will be bullish based on price; however, a rejection of the USD 2,122 resistance will warn that the correction could become more complex. The Caveat is that the futures are holding above the USD 2,021 support, warning there could be a larger, bullish wave cycle in play. The technical lacks clarity, meaning we are neutral.

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