



Base Morning Technical Report

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Zn

Zinc surged to a 20-month intraday high as major producer Teck Resources Ltd. lowered output targets following a fire at its Canadian smelter, stoking anxiety about supply after a string of mine disruptions.

Three-month futures jumped as much as 4.5% to \$3,284 a ton on the London Metal Exchange. Teck said refined zinc production this year may be as much as 12% lower than previously expected due to a localized fire at its Trail smelter in September.

The 40,000-ton cut to its guidance is small in the context of the 14 million-ton global market but comes during a time of heightened concerns. (Bloomberg).

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	9,435	R1	9,565	Stochastic oversold	RSI below 50
S2	9,354	R2			
S3	9,201	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- The RSI below 50 (46)
- Stochastic is oversold
- Price is below the daily pivot point USD 9,528
- Technically bullish yesterday, The MA on the RSI was flat, implying momentum was turning neutral. In theory, based on our Elliott wave analysis, downside moves should be countertrend, making USD 9,354 the key support to follow. If broken, then the probability of the futures trading to a new high would start to decrease. Price was holding above the 200-period MA (USD 9,535), implying we had an underlying support in the market; if we closed below and held below the longer-term average, it would warn that support levels could come under pressure. Due to the bearish rejection candle on the 21/10, the futures were going to need to close above the USD 9,758 fractal high on the daily timeframe for upside continuation.
- The futures sold lower but have failed to hold below the 200-period MA (USD 9,539), We are below the EMA resistance band with the RSI below 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 9,528 with the RSI at or below 43.5 will mean price and momentum are aligned to the sell 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. Likewise, upside moves that fail at or below 9,887 will warn that there could be a larger bearish Elliott wave cycle in play.
- Unchanged on the technical this morning, the 200-period MA has come under pressure, but is currently holding, suggesting we are at an inflection point. If we close below and hold below the average, it will warn that the USD 9,354 support could be tested and broken. If it is, then the probability of the futures trading to a new high will start to decrease. However, having closed back above the average, market buyers will now want to see the futures close above (on the daily timeframe) the USD 9,758 fractal high (daily rejection candle), to signal that buyside pressure is increasing.

Aluminium Morning Technical (4-hour)



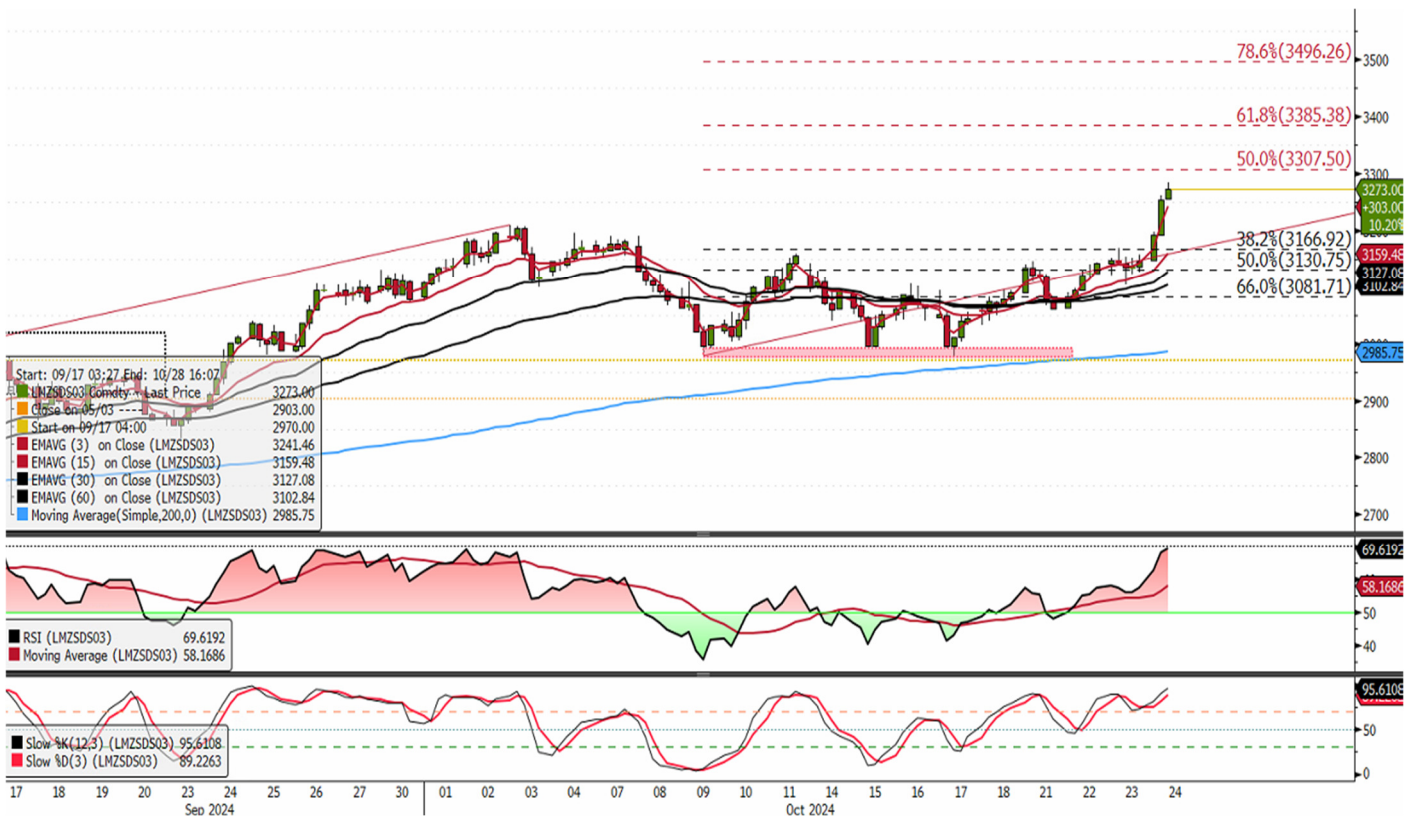
	Support	Resistance	Current Price	Bull	Bear
S1	2,655	R1	2,702.5	RSI above 50	Stochastic overbought
S2	2,646	R2			
S3	2,599	R3			

Source Bloomberg

Synopsis - Intraday

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (65)
- Stochastic is overbought
- Price is above the daily pivot point USD 2,655
- We remained bearish with a neutral bias yesterday; the MA on the RSI indicated that momentum was supported. However, the futures were approaching the USD 2,656.5 fractal resistance, a move above this level would create a negative divergence with the RSI on the 1-hour chart. Not a sell signal, it warned that we had the potential to see a momentum slowdown on an upside breakout, which would need to be monitored. We had a note of caution on upside moves.
- Against our expectations the futures have traded to new highs. 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 2,655 with the RSI at or below 56.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 2,599 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, the move to new highs is signalling that we are seeing a bullish Elliott wave cycle to the upside. Being totally honest, using my time and price methodology, the wave cycle is not adding up at this point (this does not mean to say that it will not, but after the event will not be much use). However, the RSI is making new highs, the MA on the RSI is indicating that momentum is supported at this point, suggesting intraday downside moves should be considered as countertrend. Key support is at USD 2,599, downside moves below this level will be considered as deep into the last bull wave, warning that the probability of the futures trading to a new high will have started to decrease. If the 4-hour candle starts to close below USD 2,680, it will warn that price is entering a corrective phase; likewise, if the daily candle closes below USD 2,631, it will indicate that sell side pressure is increasing, meaning the probability of the futures trading below the USD 2,599 support will be high.

Zinc Morning Technical (4-hour)



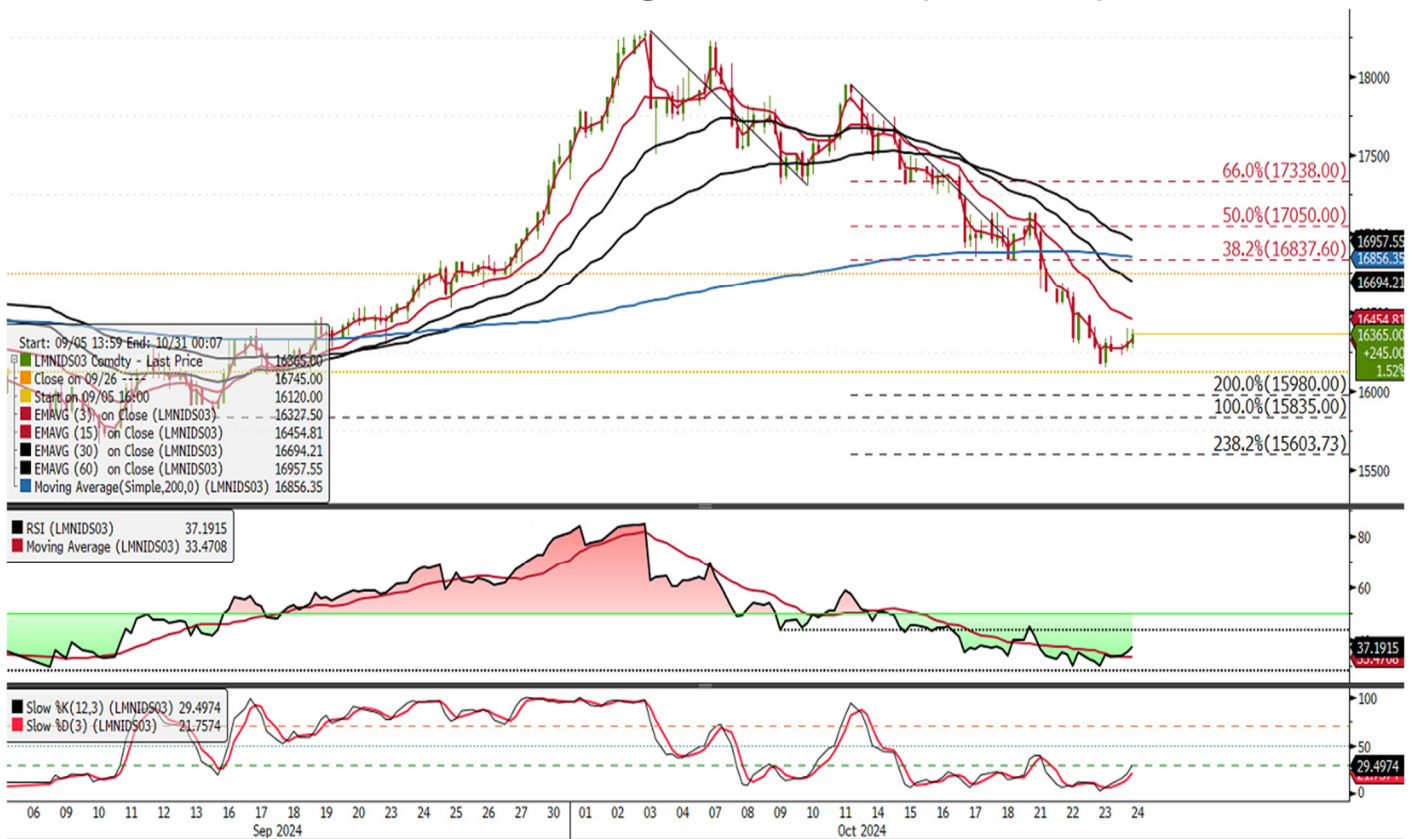
	Support	Resistance	Current Price	Bull	Bear
S1	3,166	R1	3,307	RSI above 50	Stochastic overbought
S2	3,139	R2	3,385		
S3	3,130	R3	3,496		

Source Bloomberg

Synopsis - Intraday

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (69)
- Stochastic is overbought
- Price is above the daily pivot point USD 3,139
- Technically bullish yesterday, the MA on the RSI implied that momentum was supported, whilst our Elliott wave analysis suggests that downside moves should be considered as countertrend. We are trading above the high of the rejection candle from the 21/10, indicating we had buyside pressure in the market; however, the 1-hour RSI was in divergence with price, warning we are vulnerable to an intraday slowdown, which would need to be monitored. We noted that the divergence is marginal, if it failed, it would leave resistance levels vulnerable.
- The divergence failed resulting in the futures trading to new highs on the open. 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 3,139 with the RSI at or below 56 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 3,081 will support a bull argument, below this level the technical will have a neutral bias.
- Technically bullish, we now look to be on an Elliott wave 5 for this phase of the cycle, meaning we have a potential upside target at USD 3,385. The MA on the RSI is indicating that momentum is supported with the RSI making new highs, implying downside moves should be considered as countertrend, making USD 3,081 the key support to follow. If broken, then the probability of the futures trading to a new high will start to decrease. The RSI is now testing a longer term resistance, meaning we are a little overextended to the upside in the very near-term.

Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	16,292	R1	16,365	Stochastic oversold	RSI below 50
S2	15,980	R2			
S3	15,835	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (37)
- Stochastic is oversold
- Price is above the daily pivot point USD 16,292
- Bullish with a neutral bias yesterday, the probability of the futures trading to a new high had started to decrease. The MA on the RSI indicated that momentum was neutral whilst the 1-hour RSI was in divergence, warning we could see a momentum slowdown. As noted previously, it looked like we had seen an Elliott wave extension to the downside, warning upside moves could be countertrend. Due to the divergence, we were cautious on downside moves.
- The futures traded to a low of USD 16,150 but the move failed to hold, resulting in price trading back at yesterday morning's levels. We are below all key moving averages with the RSI below 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 16,292 with the RSI at or below 19.5 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below 17,338 will leave the futures vulnerable to further tests to the downside, above this level the technical will be back in bullish territory.
- Technically bearish, price and momentum are aligned to the buyside; however, our Elliott wave analysis indicates that the upside move looks to be countertrend, making USD 17,338 the key resistance to follow. If we do trade above this level, then the probability of the futures trading to a new low will start to decrease. We still need to move higher to confirm that this is the upside countertrend move we are looking for.

Lead Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	2,063	2,076.5		RSI below 50
S2	2,035.5			
S3	2,021			
	R1	2,101		
	R2	2,122		
	R3	2,138		

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA resistance band (Black EMA's)
- RSI is above 50 (52)
- Stochastic is below 50
- Price is above the daily point USD 2,063
- Unchanged again yesterday, the MA on the RSI was flat implied that momentum was neutral with price trading between a flat EMA resistance band, indicating we lacked directional bias. In theory, the upside Elliott wave cycle had completed; however, we noted that the longer we consolidate above key support, the greater chance that of seeing the Elliott wave cycle extend to the buyside. At this point, the technical is neutral.
- Having sold lower yesterday the futures have found bid support today with price trading just above the EMA support band. The RSI is above 50 with intraday price and momentum aligned to the buyside.
- A close on the 4-hour candle below USD 2,63 with the RSI at or below 45.5 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.
- Unchanged again, we continue to lack directional bias. As noted yesterday, the longer we consolidate above key support, the greater chance that of seeing the Elliott wave cycle extend to the buyside.