



Base Morning Technical Report

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

China

China's central bank kept its one-year policy rate unchanged, after slashing funding costs by the most on record a month ago, suggesting authorities are cautiously pacing monetary stimulus to support the economy.

The People's Bank of China kept the interest rate on the medium-term lending facility steady at 2% while draining a net 89 billion yuan (\$12.5 billion) for October, according to a statement Friday. All but one of the 15 economists polled by Bloomberg predicted the rate would remain unchanged.

Beijing reduced the cost on the funding facility by an unprecedented 30 basis points late September, although the rate is being replaced by a shorter-term one as the main lever to guide markets as part of the monetary authority's recent overhaul of its policy tools.

Traders are zeroing in on any stimulus measures China has to offer, after PBOC Governor Pan Gongsheng last month announced outsized cuts to rates and the reserve requirement ratio in a blockbuster press briefing. Those moves can free up cash for banks to lend, helping the economy to meet its growth goal of around 5% this year. (Bloomberg).

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	9,470	R1	9,530.5		RSI below 50
S2	9,435	R2			
S3	9,354	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- The RSI below 50 (44)
- Stochastic is below 50
- Price is below the daily pivot point USD 9,568
- Unchanged on the technical yesterday, the 200-period MA had come under pressure, but was holding, suggesting we were at an inflection point. If we closed below and held below the average, it would warn that the USD 9,354 support could be tested and broken. If it was, then the probability of the futures trading at a new high would start to decrease. However, having closed back above the average, market buyers would 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 was increasing.
- The futures continue to trade around the 200-period MA (USD 9,539), 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 9,568 with the RSI at or above 48 will mean price and momentum are aligned to the buyside; likewise, a close below this level 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. Conversely, upside moves that fail at or below 9,887 will warn that there could be a larger bearish Elliott wave cycle in play.
- Having broken the downside channel on the upside, the futures are now consolidating in a symmetrical triangle. Near-term directional bias should in theory come from a close outside that holds outside of the symmetrical pattern, making USD 9,470 – USD 9,624 the support/resistance levels to follow. As noted previously, our Elliott wave analysis suggests that downside moves loll like they could be countertrend; however, if we do trade below USD 9,354, then the probability of the futures trading to a new high will start to decrease. The technical is bullish but in a corrective phase, price action is neutral.

Aluminium Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	2,610.5	Stochastic oversold	RSI below 50
S2	R2			
S3	R3			

Source Bloomberg

Synopsis - Intraday

- Price is below the EMA support band (Black EMA's)
- RSI is above 50 (47)
- Stochastic is oversold
- Price is above the daily pivot point USD 2,643
- Technically bullish yesterday, we noted that the move to new highs indicated that we were seeing a bullish Elliott wave cycle extension to the upside. I was totally honest, using my time and price methodology, the wave cycle was not adding up (this did not mean to say that it would not, but after the event would not be much use). However, the RSI was making new highs, the MA on the RSI indicated that momentum was supported, suggesting intraday downside moves should be considered as countertrend. Key support was at USD 2,599, downside moves below this level would be considered as deep into the last bull wave, warning that the probability of the futures trading to a new high would have started to decrease. If the 4-hour candle started to close below USD 2,680, it will warn that price was entering a corrective phase; likewise, if the daily candle closed below USD 2,631, it will indicate that sell side pressure was increasing, meaning the probability of the futures trading below the USD 2,599 support would be high.
- The intraday futures closed below the USD 2,680 level resulting in price selling below the USD 2,599 support. We are 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 2,643 with the RSI at or above 59.5 will mean price and momentum are aligned to the buy side. Upside moves that fail at or below USD 2,673 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. We noted yesterday that the Elliott wave cycle had gone up, against our expectations, meaning the cycle was unclear; however, the technical warned that downside moves had the potential to be countertrend in the near-term. The futures sold lower due to a divergence on the daily chart, key support is broken, meaning the probability of the futures trading to a new high has started to decrease. We could in theory still move higher from here, but due to the divergence on the daily timeframe, and the deep pullback, we are cautious on upside breakouts.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	3,081	R1	3,201		
S2	3,043	R2	3,284	3,124	
S3	2,977	R3	3,307		

Source Bloomberg

Synopsis - Intraday

- Price is between the EMA support band (Black EMA's)
- RSI is at 50 (50)
- Stochastic is below 50
- Price is below the daily pivot point USD 3,201
- Technically bullish yesterday, we now looked to be on an Elliott wave 5 for this phase of the cycle, meaning we had a potential upside target at USD 3,385. The MA on the RSI is indicating that momentum was 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.
- The RSI held resistance, resulting in the futures selling lower. Price is between the 8-21 period EMA's with the RSI neutral at 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 3,201 with the RSI at or above 60 will mean price and momentum are aligned to the buy 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, the futures are in a corrective phase. We noted yesterday that downside moves looked like they could be 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. In theory, the wave cycle is unchanged, meaning we still have the potential for one more intraday move higher. However, the daily chart produced a strong bullish rejection candle yesterday with price selling lower this morning, technically, we have a note of caution, as it looks like that USD 3,081 support could be tested and broken, due to the higher timeframe rejection candle. The rejection candle indicates that we have higher timeframe sellers in the market, the lower high and lower low on the daily candle today, means our expectations of one more wave higher are very low.

Nickel Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	16,150	R1	16,295	16,265	Stochastic oversold	RSI below 50
S2	15,714	R2	16,837			
S3	15,502	R3	17,050			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (34)
- Stochastic is oversold
- Price is below the daily pivot point USD 16,295
- Technically bearish yesterday, price and momentum were aligned to the buyside; however, our Elliott wave analysis indicated that the upside move looked to be countertrend, making USD 17,338 the key resistance to follow. If we did trade above this level, then the probability of the futures trading to a new low would start to decrease. We still needed to move higher to confirm that this was the upside countertrend move we are looking for.
- The futures are moving sideways, we remain below all key moving averages with the RSI below 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle below USD 16,295 with the RSI at or below 32 will mean price and momentum are aligned to the sell side; likewise, a close above this level will mean it is aligned to the buyside. 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, the upside move yesterday has not confirmed it is the move higher that we are looking for, meaning we maintain our view that upside moves should be considered as countertrend at this point. Downside moves below USD 16,150 have the potential to create a positive with the RSI, not a buy signal it is a warning we could see a momentum slowdown, implying caution on moves below this level if the divergence is in play. However, if the divergence fails, support levels will become vulnerable.

Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,035.5	R1	2,069		RSI below 50
S2	2,021	R2	2,101	2,057.5	
S3	1,993	R3	2,122		

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (45)
- Stochastic is above 50
- Price is below the daily point USD 2,069
- Unchanged again yesterday, we continue to lack directional bias. As noted previously, the longer we consolidate above key support, the greater chance that of seeing the Elliott wave cycle extend to the buyside.
- The upside move yesterday has resulted in the futures rejecting the EMA resistance band. The RSI is below 50 with price and momentum aligned to the sell side.
- A close on the 4-hour candle above USD 2,069 with the RSI at or above 49.5 will mean price and momentum are aligned to the buyside. 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 bullish, in theory the bullish Elliott wave cycle has completed, suggesting support levels are vulnerable. However, as noted previously, the longer we consolidate, the greater the chance we could see a bullish Elliott wave extension to the upside. Near-term price action continues to consolidate, meaning price action is neutral. There does look to be a symmetrical triangle in play with trend support at USD 2,056 coming under pressure. If we close below and hold below the trend line, then support levels will start to look vulnerable.

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