



# Base Morning Technical Report

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The rally in Chinese alumina futures to record levels has triggered a slew of measures from the Shanghai bourse to contain the metal's ascent.

Prices of the feedstock for aluminum have surged as buyers race to secure supplies following an export disruption in top miner Guinea earlier this month. Aluminum smelters are being squeezed by the higher costs and could curtail output, which would underpin the rally in prices of the lightweight metal.

The Shanghai Futures Exchange has raised the margin requirement for speculative alumina trades from 11% to 12%, and widened the daily trading band to 10% from 9%, following similar moves last week. It has also lifted fees to 0.03% of the value of a trade, from 0.01%, cautioning investors over the risks of rising volatility in the market. (Bloomberg).

# Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	9,476	R1	9,519		RSI below 50
S2	9,435.5	R2			
S3	9,354	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- The RSI below 50 (45)
- Stochastic is below 50
- Price is below the daily pivot point USD 9,553
- Unchanged on the technical yesterday. We remained bullish but in a corrective phase with intraday Elliott wave analysis suggesting that downside moves look like they could be countertrend, making USD 9,354 the key support to follow. A move below this level would warn that the probability of the futures trading to a new high will start to decrease. Price action was neutral as we remained within the symmetrical triangle, suggesting direction bias will come on a close outside that holds outside of the pattern (USD 9,476 – USD 9,551).
- The futures remain in the symmetrical triangle pattern, meaning near-term price action is still neutral. 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 9,553 with the RSI at or above 49 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. Conversely, upside moves that fail at or below 9,887 will warn that there could be a larger bearish Elliott wave cycle in play.
- Unchanged. Bullish but in a corrective phase, price action is neutral as we remain within the symmetrical triangle. A close outside that holds outside of the triangle (USD 9,476 – USD 9,571) should give us near-term directional bias. Elliott wave analysis continues to suggest that downside moves should be considered as countertrend, making USD 9,354 the key support to follow.

# Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,601	R1	2,637.5		
S2	2,579	R2			
S3	2,543	R3			

Source Bloomberg

## Synopsis - Intraday

- Price is above the EMA support band (Black EMA's)
- RSI is at 50 (50)
- Stochastic is below 50
- Price is below the daily pivot point USD 2,655
- Technically bullish yesterday, we noted previously that it looked like we had seen an Elliott wave cycle extension to the upside; however, the wave cycle was unclear, as our lower timeframe oscillators do not currently support the move higher. We had broken key support and key resistance, with a lack of clarity on the wave cycle, we had a neutral bias.
- The futures have sold lower with price mean-reverting back to the EMA support band. The RSI is neutral at 50 with price and momentum aligned to the sell side.
- A close on the 4-hour candle above USD 2,655 with the RSI at or above 54.5 will mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 2,601 will support a bull argument, below this level the technical will have a neutral bias.
- Technically we maintain a neutral view, it looks like we could potentially form another symmetrical triangle; however, we lack defined points within the pattern at this point.

# Zinc Morning Technical (4-hour)



Support	Resistance	Current Price	Bull	Bear
S1	R1	3,118		
S2	R2			
S3	R3			

Source Bloomberg

## Synopsis - Intraday

- Price is above the EMA support band (Black EMA's)
- RSI is at 50 (50)
- Stochastic is at 50
- Price is above the daily pivot point USD 3,117
- Technically 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 implied that momentum was weak, warning support levels remained vulnerable. The deep pullback, daily rejection candle and the weak momentum meant that we were cautious on moves higher, as the technical warned that support levels remain vulnerable.
- The futures traded up to the USD 3,159 resistance with price moving lower in the Asian day session. We are above the EMA support band with the RSI neutral at 50, intraday price and momentum are aligned to the buy side.
- A close on the 4-hour candle below USD 3,117 with the RSI at or below 47 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below 3,199 will leave the futures vulnerable to further tests to the downside, above this level the technical will be back in bullish territory.
- Technically we remain bullish with a neutral bias. As noted yesterday, based on the depth of the downside move and the bearish rejection candle, we remain cautious on upside moves. The MA on the RSI is warning that momentum remains weak; however, the RSI is above the average.

# Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	15,714	R1	16,165	Stochastic oversold	RSI below 50
S2	15,502	R2			
S3	15,209	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (30)
- Stochastic is oversold
- Price is below the daily pivot point USD 16,055
- Technically bearish yesterday, the MA on the RSI was flat, implying momentum was neutral; however, we remained in divergence, implying caution on downside moves in the near-term. Intraday Elliott wave analysis continued to suggest that upside moves look like they would be countertrend.
- The futures have sold lower with the RSI on its support line. We are 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 16,055 with the RSI at or above 35 will mean price and momentum are aligned to the buy side. Upside moves that fail at or below 17,241 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, the divergence looks like it may have failed (if it has, it is very marginal); however, we are currently on the support line, meaning we remain cautious on downside moves. In theory, we could trade as low as USD 15,290 within this phase of the cycle, in reality, to do this will create further downside wave extensions. We maintain our view that upside moves look like they could be countertrend.

# Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,007	R1	2,017.5	Stochastic oversold	RSI below 50
S2	1,993	R2			
S3	1,946	R3			

## Synopsis - Intraday

Source Bloomberg

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (36)
- Stochastic is oversold
- Price is below the daily point USD 2,031
- Technically bullish yesterday, the MA on the RSI implied that momentum was weak, whilst the symmetrical break to the downside implied that the USD 2,021 support could be tested and broken. Having broken the consolidation phase to the downside, we had a note of caution on moves higher.
- The futures have sold below the USD 2,021 support, the probability of the futures trading to a new high has started to decrease. We are below all key moving averages supported by the RSI above 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 2,031 with the RSI at or above 44 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 2,078 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 MA on the RSI is implying that momentum is weak. The RSI has broken near-term support, warning that upside moves have the potential to be countertrend, meaning we remain cautious on moves higher at this point.

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