Base Morning Technical Report

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China

(Bloomberg) -- China's trade surplus is on track to hit a fresh record this year, increasingly leaving it on a collision course with some of the world's biggest economies by aggravating an imbalance in global commerce that risks provoking President-elect Donald Trump.

The difference between Chinese exports and imports is set to reach almost $1 trillion if it continues to widen at the same pace as it has in the year to date, according to Bloomberg calculations. The goods trade surplus soared to $785 billion in the first 10 months, according to data released last week, the highest on record for that period and an increase of almost 16% from 2023.

"With Chinese export prices still falling, export volume growth was enormous," Brad Setser, senior fellow at the Council on Foreign Relations, said on X. "The overall story is of an economy that is again growing off exports."

Copper Morning Technical (4-hour)

Support		Resistance		Current Price	Bull	Bear
S1	9,449	R1	9,509	9,471.5		RSI below 50
S2	9,335	R2	9,618			
S3	9,214	R3	9,679			

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 9,509
- Technically bullish but with a neutral bias on Thursday, the probability of the futures trading to a new high had started to decrease. We noted that with the corrective phase now more complex, alongside key support being broken, we were cautious on moves higher, making USD 9,618 the key resistance to follow.
- The futues traded higher resulting in the USD 9,618 support being broken, however, the upside move has failed to hold, resulting in a deep pullback. 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 9,509 with the RSI at or above 49.5.5 will mean price and momentum are aligned to the buyside.
- The longer-term Elliott wave cycle is bullish but with a neutral bias, the probability of the futures trading to a new high has started to decrease. Having initially sold lower on the USD bounce, the upside move broke the USD 9,618 resistance; However, Friday's sell off broke key support, implying price action was neutral. Focus should now be on the daily technical in the near-term, as we are trading just above the daily 200-period MA (USD 9,390), meaning the higher timeframe technical is at an inflection point. If the average holds, resistance levels will remain vulnerable; likewise, a close below that holds below the average will warn of downside continuation.

Aluminium Morning Technical (4-hour)

Support		Resistance		Current Price	Bull	Bear
S1	2,603	R1	2,650	2,619.5	Stochastic oversold	RSI below 50
S2	2,568.5	R2	2,657			
S3	2,505	R3	2,671			

Source Bloomberg

Synopsis - Intraday

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (46)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,650
- Technically bullish with a neutral bias on Thursday, the futures were finding bid support on the downside rejection candle. We had held the 200-period MA, implying that there was an underlying support in the market, warning resistance levels had the potential to come under pressure in the near-term. As noted previously, we remained cautious on upside breakouts above USD 2,715, as the futures would be in divergence on the daily timeframe. Not a sell signal, it warned that we could see a momentum slowdown, suggesting upside moves could struggle to hold above this level.
- The futures traded to a high of USD 2,732; however, due to the divergence on the daily timeframe, the move has failed to hold, resulting in price selling below key support, meaning we now have a neutral bias. 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 2,650 with the RSI at or above 54.5 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 2,691 will leave the futures vulnerable to further tests to the downside, above this level the technical will be back in bullish territory.
- Technically bullish but with a neutral bias, the probability of the futures trading to a new high has started to decrease. The futures have mean reverted back to the 200-period MA (USD 2,603), if we hold above this level, it will warn that there remains an underlying support in the market; likewise, a close below that holds below the average will warn that the USD 2,568.5 fractal support could be tested and broken. As noted previously, we remain cautious on upside moves due to the higher timeframe divergence, as it warns that upside breakouts could struggle to hold.

Zinc Morning Technical (4-hour)

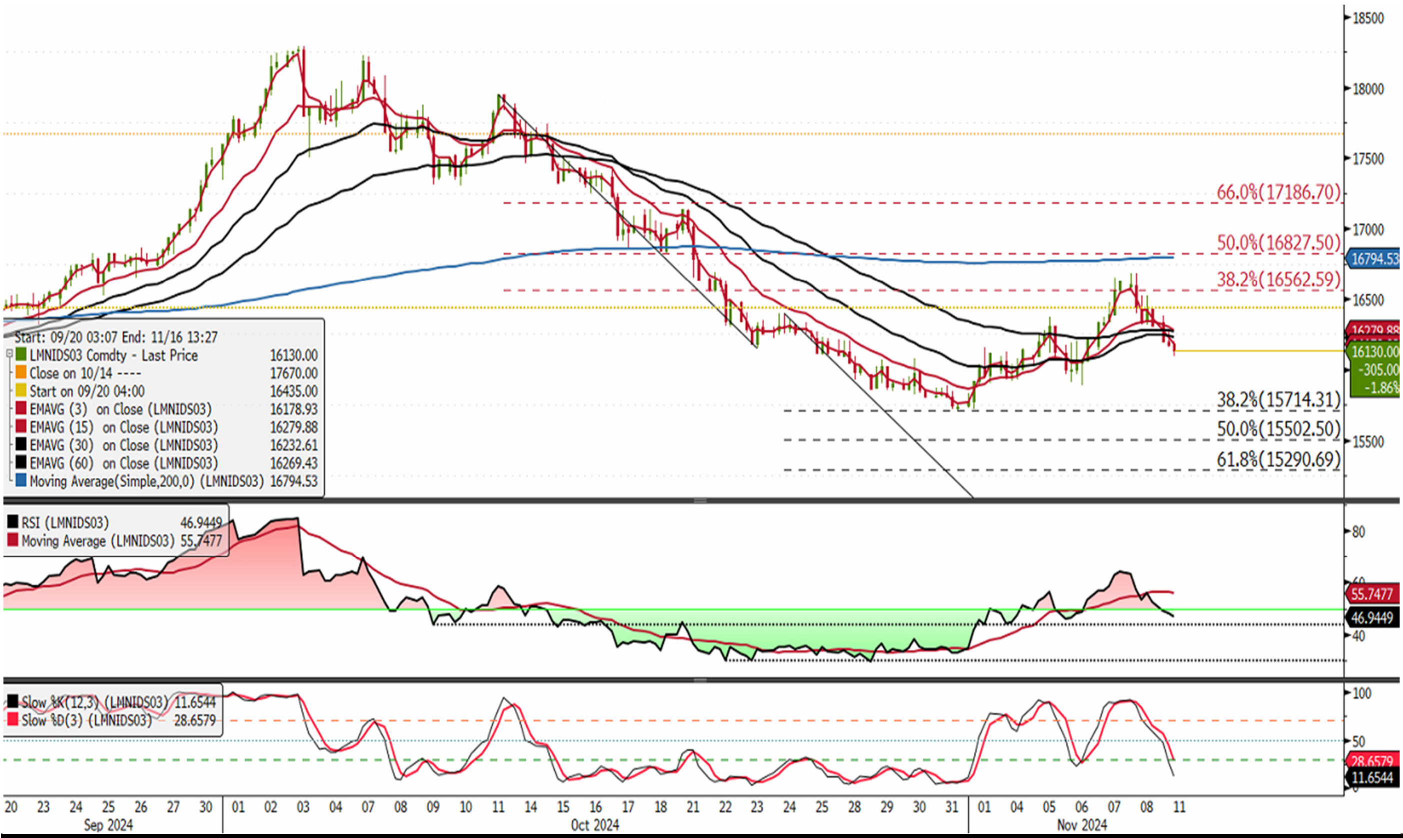
Support		Resistance		Current Price	Bull	Bear
S1	2,951	R1	3,007	2,977	Stochastic oversold	RSI below 50
S2	2,906	R2	3,063			
S3	2,887	R3	3,083			

Source Bloomberg

Synopsis - Intraday

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (41)
- Stochastic is oversold
- Price is below the daily pivot point USD 3,007
- The futures had traded below the USD 2,978 fractal support previously, meaning the intraday technical was now bearish. The MA on the RSI was flat, implying momentum was neutral; however, the move lower had been replicated by the RSI, suggesting upside moves had the potential to be countertrend. For this reason, we remained cautious on moves higher, if we did trade above USD 3,063 then the probability of the futures trading to a new low would start to decrease. Price was at an inflection point, as we were testing the 200-period MA, a close above that held above it would leave resistance levels vulnerable, as this is regarded as a benchmark average; likewise, a rejection of the average would imply downside continuation.
- We have seen a bit of everything on this technical in the last 48 hours. The futures traded above the 200-period MA (USD 3,060), resulting in the USD 3,063 resistance being broken. However, the move failed to hold with price closing back below and rejecting the average, the subsequent move lower means we are back in bearish territory. We are below all key moving averages supported by the RSI below 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 3,007 with the RSI at or above 48 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below 3,063 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 rejection of the 200-period average.
- Technically bearish, the MA on the RSI is flat, implying momentum is neutral. The rejection of the 200-period MA is warning that the USD 2,960 fractal low could be tested and broken. However, we have a note of caution on downside breakouts below this level in the near-term, as the futures could be in divergence with the RSI. If we are, then it will warn that we could see a momentum slowdown which will need to be monitored.

Nickel Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	15,714	R1	16,464	16,130	Stochastic oversold	RSI below 50
S2	15,502	R2	16,562			
S3	15,290	R3	16,827			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA resistance band (Black EMA’s)
- RSI is above 50 (46)
- Stochastic is oversold
- Price is below the daily pivot point USD 16,464
- Technically bearish but moving higher on Thursday, the MA on the RSI implied that momentum was supported. The futures were trading above the USD 16,375 fractal resistance, if we closed above it, then the Fibonacci resistance zone could come under pressure. Our Elliott wave analysis did suggest that upside moves look like they should be counter-trend; however, if we did trade above USD 17,186, then the probability of the futures trading to a new high would start to decrease.
- The futures have rejected the Fibonacci resistance zone resulting in price selling lower. 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 16,464 with the RSI at or above 58 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below 17,186 will leave the futures vulnerable to further tests to the down-side, above this level the technical will have a neutral bias.
- Technically bearish, our intraday Elliott wave analysis continues to suggest that upside moves look like they could be countertrend. The Rejection of the Fibonacci resistance zone (and the 200-period MA at USD 16,794) is suggesting that the USD 15,705 fractal low is starting to look vulnerable.

Lead Morning Technical (4-hour)

Support		Resistance		Current Price	Bull	Bear
S1	2,009	R1	2,032	2,026	Stochastic oversold	RSI below 50
S2	1,993	R2	2,070			
S3	1,979	R3	2,085			

Source Bloomberg

Synopsis - Intraday

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (45)
- Stochastic is oversold
- Price is below the daily point USD 2,032
- Technically bearish last week, the close above USD 2,042 previously warned that buyside pressure was increasing, meaning the USD 2,070 resistance could be about to come under pressure. If broken, then the probability of the futures trading at a new low would start to decrease. We noted that the failure to hold the downside move yesterday is indicating that the futures had buyside support.
- The upside move in the futures has rejected the USD 2,070 resistance for a second time, meaning we remain in bearish territory. Price is 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 2,032 with the RSI at or above 52 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below USD 2,070 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, the futures have broken key support and rejected upside resistance, warning support levels are vulnerable. However, we have a note of caution, as price is forming a second symmetrical triangle pattern, implying price action is turning neutral. Directional bias will come form a breakout that holds outside of the triangle. Trend support is at USD 2,017 with resistance at USD 2,047.

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